

IDP and BUDGET

2018/19 - 2020/21



ANNEXURE “B”

MEDIUM-TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences	L	Litre
AGSA	Auditor-General South Africa	LMCDP	Lungile Mtshali Community Development Project
ARS	Application Rationalisation Strategy	M&E	Monitoring and Evaluation
ASGISA	Accelerated and Shared Growth Initiative	MBRR	Municipal Budget and Reporting Regulations
BSC	Budget Steering Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act
CBO	Community Based Organisation	MHDP	Municipal Housing Development Plan
CBP	Community Based Projects	MIG	Municipal Infrastructure Grant
CCA	Customer Care Areas	MMC	Member of Mayoral Committee
CCC	Customer Care Centres	MOU	Memorandum of Understanding
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
CIF	Capital Investment Framework	MSA	Municipal Systems Act
CIPC	Companies and Intellectual Property Commission	MSDF	Metropolitan Spatial Development Framework
CITP	Comprehensive Integrated Transport Plan	MTEF	Medium-term Expenditure Framework
CM	City Manager	MTREF	Medium-term Revenue and Expenditure Framework
CODESA	Convention for a Democratic South Africa	MVRA/ DLTC	Motor Vehicle Registering Authority / Driver's Licensing Testing Centre
COO	Chief Operating Officer	NDP	National Development Plan
CPI	Consumer Price Index	NDPG	Neighbourhood Development Programme Grant
CPIX	Consumer Price Index excluding mortgage costs	NERSA	National Energy Regulator South Africa
CRM	Customer Relations Management	NGO	Non-Governmental Organisations
CSIR	Council of Scientific and Industrial Research	NKPIs	National Key Performance Indicators
DCS	Digital City Systems	NOC	Network Operation Centre
DEMS	Disaster and Emergency Management Services	NSDP	National Spatial Development Perspective
DMTN	Domestic Medium-term Note	NT	National Treasury
DORA	Division of Revenue Act	NUSP	National Upgrading Support Programme
EDC	Ekurhuleni Development Company	OHS	Occupational Health and Safety
EE	Employment Equity	OPCA	Operation Clean Audit
EIA	Environmental Impact Assessment	OPM	Organisational Performance Management

EM	Executive Mayor	PBO	Public Benefit Organisations
EMIS	Engineering Management Information System	PDI	Previously Disadvantaged Individuals
CoE	City of Ekurhuleni	PHC	Provincial Health Care
EMPD	Ekurhuleni Metro Police Department	PMO	Project Management Office
EPWP	Expanded Public Works Programme	PMS	Performance Management System
ERM	Environmental Resource Management	PPE	Property Plant and Equipment
ERP	Enterprise Resource Planning	PPI	Producer Price Index
FBE	Free basic electricity	PPP	Public Private Partnership
FBS	Free basic services	PRASA	Passenger Rail Agency of South Africa
GAMAP	Generally Accepted Municipal Accounting Practice	PSI	Public Services Infrastructure
GDP	Gross domestic product	PTIS	Public Transport Infrastructure System
GDS	Growth and Development Strategy	RFP	Request for Proposal
GFS	Government Financial Statistics	RG	Restructuring Grant
GGDS	Gauteng Growth and Development Strategy	R&M	Repair & Maintenance
GPG	Gauteng Provincial Government	RMEP	Revenue Management
GRAP	General Recognised Accounting Practice	RMTC	Road Management Traffic Corporation
HR	Human Resources	RSDF	Regional Spatial Development Framework
HSDG	Human Settlement Development Grant	SALGA	South African Local Government Association
HSDP	Human Settlement Development Plan	SAMSA	South African Maritime Safety Authority
IBALCO	IDP Budget Asset and Liability Committee	SAPS	South African Police Services
IBT	Inclining Block Tariff	SCOA	Standard Chart of Accounts
ICT	Information Communication Technology	SDBIP	Service Delivery Budget Implementation Plan
IDP	Integrated Development Strategy	SIP	Strategic Implementation Plan
IMS	Intelligent Metering Systems	SMME	Small Micro and Medium Enterprises
INEP	Integrated National Electrification Programme	SRAC	Sports, Recreation, Arts and Culture
IR	Institutional Review	STS	Standard Transfer Specification
IRPTN	Integrated Rapid Public Transport Network	UCC	Unified Command Centre
IT	Information Technology	USDG	Urban Settlement Development Grant
KPA	Key Performance Area	VAT	Value Added Tax
KPI	Key Performance Indicator	WMS	Waste Management Services
kWh	kilowatt hour		

Part 1 – Annual Budget

1.1 Mayor's Report

It has been a year since this administration presented its first Medium Term Revenue and Expenditure Framework 2017/18. Indeed, from the outset we had articulated that this fifth administration will be running a people-centred government, meaning that our budgeting systems must respond to the needs of the people.

The 2017/18 MTREF was the first of our 5-year term, following the renewal of the local government mandate through the 2016 Local Government Elections. The outcomes of those elections constituted a unique political framework for governance, a council coalition in order to constitute an administration – an administration that has demonstrated the maturing politics in our City.

We are now tabling the 2018/2019 Budget, which is responding to the national government directive to respond to the need to create jobs and improve our economy – while at the same time providing and expanding sustainable quality and equitable services to our people and customers.

The budget is an important instrument to translate strategic ideas into practical policies with precise implementation and evaluation plans. Our response to the country's programme to create jobs, alleviate poverty and address the inequalities of the past, should be a budget that demonstrates that initiatives and developments that can create jobs such as infrastructure, get prioritised.

Therefore, our expenditure on capital projects such as housing, roads infrastructure, water and energy infrastructure, social development; Sports, Recreation Arts and Culture infrastructure as well as expanded skills development initiatives are important components of this fiscal strategy. Not only will this result in job creation, but will go a long way to ensuring that our infrastructure handles future developments and does not collapse as we continue to witness in-migration as a region.

Indeed, our course remains that of creating a society where all have water, electricity, sanitation, jobs, housing, public transport, quality health care, adequate nutrition, recreation and a clean environment – in line with the 'Pro Poor' agenda.

In outlining the political strategy of advancing the mandate of the City of Ekurhuleni for the next 5 years, I have repeatedly asserted the principle of a 'Pro Poor' approach to governance as our guiding philosophy. The main thesis of this philosophy is to consistently prioritise the needs of the most underdeveloped sections of our city in the strategic framework and delivery plans of our administration.

We do understand that for this to happen, we need revenue. Indeed, we do have limited financial resources, but this does not mean that we cannot use the limited resources we already have effectively. Therefore, the issue of improving our revenue streams remains a critical priority. We need new innovations beyond the normal revenue streams. Our collection rate and credit control must improve to assist us recover millions we are owed as a City. Cost containment measures remain on our radar because such savings will go a long way to assisting in critical service delivery projects.

While our medium term revenue and expenditure framework sets the tone for our approach to expanding access to decent services for the poor, improving the quality of service already being provided and our fiscal strategy to stimulate employment creation, transformation of local economic structures and the pursuit of sustainable economic growth, the budget also seeks to reinforce the pursuit of long-term projects that have been inherited from previous administrations.

The realisation of the Aerotropolis Masterplan, Revitalisation of Manufacturing, Integrated Rapid Public Transport Network, Quantum Leap, the Germiston Precinct and the restructuring and boosting of Township Economies and the Rehabilitation of Dams and Lakes, among others – remain exigent.

All said and done, while we must strive to ensure that we effectively carry-out our programme, this must happen within the confines of the law. We shall therefore ensure that all the systems and processes we have put in place to avoid wasteful, irregular and unauthorised expenditure are executed. It remains our determination and commitment to ensure that we do everything in line with the Municipal Finance Management Act and other relevant legislations as we steadily move towards a clean audit.

In this regard, we have introduced a mid-term audit process which will guide us on areas of concern as we work towards the end of each financial year.

Our success in realising our targets depends on the political leadership, city officials and communities working together. I am confident that all of us are up to the task and will play our part to help our City to be the best that it can be.

Yours in Public Service,

Cllr Mzwandile Masina
The Executive Mayor.

1.2 Council Resolutions

On 24 May 2018, the Executive Mayor will table to the City of Ekurhuleni's Council the 2018/19 MTREF in terms of section 16(2) of the MFMA. The Council will consider the following resolutions:

1. The Council of the City Of Ekurhuleni, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) **APPROVES** and **ADOPTS**:
 - 1.1 The budget of the municipality and the entities for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 22 on page 55;
 - 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 23 on page 58;
 - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 25 on page 61; and
 - 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 26 on page 64.
 - 1.1.5 The entities budget is depicted on the following tables:
 - 1.1.5.1 Ekurhuleni Housing Company contained in Table 76 on 234
 - 1.1.5.2 Brakpan Bus Company contained in Table 86 on page 263
 - 1.1.5.3 ERWAT contained in Table 89 on page 273
 - 1.2 The financial position, cash flow budget, cash backed reserve / accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1 Budgeted Financial Position as contained in Table 27 on page 69;
 - 1.2.2 Budgeted Cash Flows as contained in Table 28 on page 72
 - 1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table 29 on page 73;
 - 1.2.4 Asset management as contained in Table 30 on page 76, and
 - 1.2.5 Basic service delivery measurement as contained in Table 31 on page 84.
2. The Council of the City of Ekurhuleni, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) **APPROVES** and **ADOPTS** with effect from 1 July 2018:
 - 2.1 Schedule 1 - Tariffs for property rates.
 - 2.2 Schedule 2 – Tariffs for electricity.
 - 2.3 Schedule 3 - Tariffs for the supply of water.
 - 2.4 Schedule 4 - Tariffs for the supply of sewer.
 - 2.5 Schedule 5 – Tariffs for waste management services.

– as set out in Annexure C
3. The Council of the City of Ekurhuleni, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) **APPROVES** and **ADOPTS** with effect from 1 July 2018 the tariffs for other services, as set out in the various tariff schedules as contained in Annexure C.
4. To give proper effect to the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES**:

-
- 4.1 **That** cash backing is implemented through the utilisation of a portion of the revenue generated from property rates and user charges for services to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by Section 8 of the Municipal Budget and Reporting Regulations.
- 4.2 **That** the municipality **BE PERMITTED** to enter into long-term borrowings for the funding of the capital programmes in respect of the 2018/19 financial year limited to an amount of R3.591 billion, 2019/20 financial year limited to an amount of R3.816 billion and 2020/21 financial year limited to an amount of R3.550 billion, in terms of Section 46 of the Municipal Finance Management Act.
- 4.3 **That** the Municipal Manager **BE AUTHORISED** to sign all necessary agreements and documents to give effect to the above lending programme.
- 4.4 **That** the taking up of an external loan of R3.591 billion to fund the 2018/19 Capital Budget **BE APPROVED** for a term of 10 to 15 years and that a further report be submitted to Council to give feedback on the public comments received in this regard before the transaction is finalised.
5. To guide the implementation of the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES** the policies as set out in the Annexures of this document.
- | | |
|--------------|---|
| Annexure D1 | Medium-term Budget Policy Statement (reviewed) |
| Annexure D2 | Pricing Policy Statement (reviewed) |
| Annexure D3 | Property Rates Policy (reviewed) |
| Annexure D4 | Provision of Free Basic Electricity Policy (reviewed) & Provision of Free Basic Water Supply Services Policy (reviewed) |
| Annexure D5 | Waste Management Services Tariff Policy (reviewed) |
| Annexure D6 | Consumer Deposit Policy (reviewed) |
| Annexure D7 | Indigent Policy (reviewed) |
| Annexure D8 | Credit Control & Debt Collection Policy (reviewed) |
| Annexure D9 | Provision for Doubtful Debtors and Debtors Write Off (reviewed) |
| Annexure D10 | Budget Implementation and Monitoring Policy (reviewed) |
| Annexure D11 | Municipal Entity Financial Support Policy (reviewed) |
| Annexure D12 | Accounting Policy (reviewed) |
| Annexure D13 | Electricity Metering for Residential and business Customers (reviewed) |
| Annexure D14 | Policy for the Vending of Pre-Paid Electricity (reviewed) |
| Annexure D15 | Policy for Correction of Meter Reading and Billing Data (reviewed) |
| Annexure D16 | Electricity Tariff policy (reviewed) |
| Annexure D17 | Virement Policy (reviewed) |
| Annexure D18 | Consumer Agreement Policy (remains unchanged) |
| Annexure D19 | Supply Chain Management Policy (remains unchanged) |
| Annexure D20 | Treasury Policy (new – Consolidation of various policies) |
| Annexure D21 | Allocation for Grants-in-Aid Policy (new) |
6. **To** ensure oversight of the municipal entities, as required by Section 89 of the Municipal Finance Management Act, Council **APPROVES** the salaries and

benefits of the Municipal Entities to be in line with the proposed increases as set out in the budget of City of Ekurhuleni.

7. **That** the Chief Financial Officer in consultation with the City Manager **BE DELEGATED** the authority to adjust the 2018/19 Operating and Capital Budgets (income and expenditure) with:
 - 7.1 all operating and capital grants received in addition to the currently gazetted DORA grants
 - 7.2 income received for recoverable jobs
 - 7.3 insurance claims received
 - 7.4 developers' contributions received
 - 7.5 transactions on the internal cost management structure
 - 7.6 disbursement of centralised budgets
8. **That** the Chief Financial Officer **BE AUTHORISED** to amend the structure on the financial system, in collaboration with the Heads of Departments, to align the financial system to the outcome of the Institutional Review and the new Standard Chart of Accounts (SCOA), structure proposed by National Treasury.
9. **That**, in order to facilitate multi-year budgeting, departments **BE AUTHORISED** to commit projects on the 2018/19 and 2019/20 budgets, on both internal and confirmed external funding sources.
10. **That** authority **BE GRANTED**, to a maximum amount of R200 m, in respect of bank overdraft facilities and/or the raising of short-term loans, including loans at call from Council's bankers, for the financial year ending 30 June 2018 in order to finance temporarily –
 - Expenditure on the Capital Budget; or
 - Expenditure on the Operating Budget incurred in anticipation of the receipt of revenue estimated and from which the expenditure would have been defrayed.
11. **That** the City Of Ekurhuleni's IDP for 2018/19 as contained in **Annexure "A"** **BE ADOPTED**.
12. **That** the copy of the IDP **BE SUBMITTED** to the MEC for Local Government and Relevant provincial department.
13. **That** the MEC for Local Government **BE REQUESTED** to approve the City of Ekurhuleni IDP for 2018/19 as its Land Development Objectives as envisaged in Section 72a of the Development Facilitation Act."
14. **That** the Built Environment Performance Plan (BEPP) for the 2018/2019 to 2020/2021 financial period attached to the report as **Annexure G** **BE ADOPTED**.

1.3 Executive Summary

Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. This includes the compilation of the Medium-term Revenue and Expenditure Framework.

The City's GDS and IDP are its principal strategic planning instruments, which directly guide and inform its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation, which directly informs the Service Delivery and Budget Implementation Plan.

With the compilation of the 2018/19 Medium-Term Revenue and Expenditure Framework (MTREF), each department/function had to review its business planning processes taking into account their individual departmental strategies. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital programme.

The current slowdown of the economy will continue to pressurise municipal revenue generation and collection hence a conservative approach was followed for projecting revenue. These circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost-containment measures.

The compilation of the 2018/19 MTREF therefore remains a huge challenge to balance the budget between the limited revenue resources available and the immense need to provide quality service delivery to our community. Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability.

The 2018/19 budget is based on an expected growth rate of 1% for all services except electricity. Electricity consumption in CoE is showing a decline in unit sales for the 5 consecutive years. The national drive to reduce energy consumption as well as the development of alternative energy sources (i.e. solar systems) is having a serious impact in the growth of income from electricity. Therefore, **no growth in electricity sales** is expected in 2018/19.

The MTREF used the guidelines set by the Minister of Finance in his Medium-term Budget Policy Statement Speech as well as the guidelines in terms of Circular No.91 dated 07 March 2018 as issued by National Treasury. The **inflation outlook** as set out in the Circular is set at **5.3%**.

It is proposed that the **property rate tariff increase by 6.9%** for the 2018/19 financial year.

National Treasury Circular No. 91 provided for NERSA guidelines that the bulk purchase tariff from Eskom will increase by 7.32% for Eskom users and for municipalities. The CoE will pass **electricity tariff increase that ranges between 5.23% and 8.5%** to its customers.

Rand Water indicated a tariff increase **12.96%, being 12.2% plus the Water research levy of 0.76%**. In terms of Water Research Act. 1971, Rand Water was tasked to collect the Water research levy which is not part of the Rand Water's tariff, for payment to Water Research Commission.

The cost of sewer purification rendered by ERWAT will increase by 10% due to increases in prices of chemicals, labour costs and CPI. However, the **sanitation tariff will increase by only 9%** with the results that the City will absorb the 1% of the cost.

Refuse removal tariff increase was set at 7.5% for all users. This is largely based on the increase of the main cost drivers of the service.

Sundry tariff increases will be limited, in most instances, to be within the CPI rate. A summary of the increases is contained later in this report.

The impact of the above tariff increases on households is estimated to vary between 8.7% and 10.2%, as set out in Table 15 MBRR Table SA14 – household bills on page 40.

In order to sustain the services rendered to our community the **repair and maintenance** budget has been increased to R2.4 billion in 2018/19 as compared to R2.1 billion in 2017/18.

The financial sustainability of the 2018/19 MTREF is largely dependent on the collection level of billed income. Provision is made for a **collection level of 94%**.

The **Capital Budget of R6.9 billion for 2018/19 is 3.4% more** when compared to the 2017/18 Adjusted Budget. Entities (**R135 million**) are also included in the Capital Budget of **R6.9 billion**.

The Capital Budget is largely driven by projects emanating from the GDS 2055, IDP and projects identified by the community as well as the backlog in services.

In terms of Council's social commitment to assist the poorer communities in Ekurhuleni provision was also made for the supply of free basic services and social contributions to identified structures in Ekurhuleni.

All residential owners will **continue to receive assessment rate exemption on the value of their homes. The first R150 000 is exempted for assessment rates**. Various other grants on assessment rates, such as pensioners' rebate, rebate to low income people, properties zoned for religious purposes, will continue in the new year.

The slow pace in registering indigents forced Council to consider an alternative option in addressing the indigents. Similar to the process followed by other cities in SA, Council adopted the targeted approach. This implies that **all residents with property values of less than R150 000 are regarded as deemed indigent**.

The following policies relating the provision of free of basic services have been reviewed:

- The **indigent qualifying criteria** has been amended as follows:
 - “combined household income of all occupants / residents and/or dependents residing on the property and are over the age of 18 years of age, is less than two (2) monthly minimum wage determination based on Area “A” Domestic worker who work more than 27 ordinary hours per week, as amended by Minister of Labour from time to time; this brings the total household income for qualifying indigents to R5,090 per month;
- The free basic electricity policy remains at 100kWh for all households subject to IBT. This policy requires further review in the coming years to bring it in line with national policy, which provides that free electricity be limited to 50kWh for indigent households only. The City of Ekurhuleni will provide free basic water and sewer services (6kl) to registered indigent households and all properties with a value not exceeding R750 000. The City will also provide an additional 3kl free basic water services to registered indigent household as prescribed in the Council's approved Indigent Policy;

The total amount budgeted for **free basic services** and social grants to our community amounts to **R3.7 billion compared to R3.1 billion in 2017/18**.

The MTREF for the 2018/19 Multi-year budget, with comparative information is as follows:

Table 1 Operating Budget Summary

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
CONSOLIDATED TOTAL									
INCOME									
NON - EXCHANGE REVENUE									
Property Rates	(5,066,264)	(5,210,905)	(4,309,902)	(5,210,905)	(5,615,665)	7.77%	14.94%	(6,102,838)	(6,632,159)
Fines, Penalties and Forfeits	(164,257)	(139,257)	(106,706)	(138,197)	(135,965)	-0.76%	0.37%	(145,107)	(152,363)
Licenses and Permits	(319,873)	(319,873)	(241,773)	(488,557)	(338,745)	5.90%	0.90%	(359,069)	(380,614)
Interest, Dividends and Rent on Land Non-Exc	—	—	—	—	(52,764)	100.00%	0.14%	(55,402)	(58,172)
Transfers and Subsidies	(7,790,389)	(7,934,368)	(6,377,538)	(7,813,794)	(8,273,518)	4.27%	22.02%	(8,644,256)	(9,268,953)
- Operational: Allocations in Kind	(7,915)	(7,915)	(32)	(7,915)	—	-100.00%	0.00%	(4,993)	(5,292)
- Operational: Monetary	(5,478,432)	(5,639,951)	(5,270,933)	(5,573,951)	(6,014,349)	6.64%	16.01%	(6,357,346)	(6,827,545)
- Capital: Allocations in Kind	(378)	(378)	(1,627)	(378)	—	-100.00%	0.00%	—	—
- Capital: Monetary	(2,303,664)	(2,286,124)	(1,104,946)	(2,231,550)	(2,259,169)	-1.18%	6.01%	(2,281,917)	(2,436,116)
SUB TOTAL: NON - EXCHANGE REVENUE	(13,340,784)	(13,604,403)	(11,035,918)	(13,649,220)	(14,418,888)	5.99%	38.37%	(15,306,673)	(16,492,260)
EXCHANGE REVENUE									
Service Charges	(19,331,647)	(19,214,336)	(15,908,934)	(19,022,262)	(20,786,191)	8.18%	55.32%	(22,689,390)	(24,769,178)
Interest, Dividends and Rent on Land	(970,930)	(924,237)	(621,247)	(878,311)	(893,402)	-3.34%	2.38%	(937,856)	(984,741)
Operational Revenue	(24,475)	(24,475)	(19,735)	(24,475)	(24,981)	2.07%	0.07%	(26,238)	(27,556)
Rental from Fixed Assets	(118,429)	(118,429)	(88,260)	(110,418)	(127,763)	7.88%	0.34%	(134,596)	(141,799)
Sales of Goods and Rendering of Services	(1,153,392)	(1,153,392)	(1,083,727)	(1,126,750)	(1,326,300)	14.99%	3.53%	(1,442,110)	(1,555,702)
SUB TOTAL: EXCHANGE REVENUE	(21,598,873)	(21,434,869)	(17,721,903)	(21,162,216)	(23,158,637)	8.04%	61.63%	(25,230,190)	(27,478,975)
TOTAL INCOME	(34,939,657)	(35,039,272)	(28,757,821)	(34,811,436)	(37,577,525)	7.24%	100.00%	(40,536,863)	(43,971,236)
EXPENDITURE									
Employee Related Costs	8,044,235	7,951,371	6,587,013	7,952,937	8,699,965	9.41%	24.64%	9,504,417	10,402,444
Senior Management	77,156	77,156	56,185	77,156	77,223	0.09%	0.22%	83,984	91,352
- SM - Salaries Allowances & Service Benefits	74,706	74,706	52,957	74,706	73,810	-1.20%	0.21%	80,305	87,386
- SM - Social Contributions	2,450	2,450	3,228	2,450	3,414	39.33%	0.01%	3,679	3,966
Municipal Staff	7,967,079	7,874,215	6,530,829	7,875,780	8,622,742	9.51%	24.43%	9,420,433	10,311,091
- MS - Salaries Allowances & Service Benefits	6,616,409	6,523,796	5,357,204	6,525,361	7,133,330	9.34%	20.21%	7,787,925	8,523,847
- MS - Social Contributions	1,494,782	1,494,530	1,101,406	1,494,530	1,566,952	4.85%	4.44%	1,715,522	1,877,910
- MS - Post Retirement Benefit	32,585	32,585	80,429	32,585	99,156	204.30%	0.28%	110,485	121,236
- MS - Cost Capitalised to PPE	(176,696)	(176,696)	(8,210)	(176,696)	(176,696)	0.00%	-0.50%	(193,500)	(211,902)
Remuneration of Board Members	9,288	9,288	6,160	9,288	8,369	-9.90%	0.02%	9,081	9,751
Remuneration of Councilors	130,316	133,816	110,865	133,816	151,062	12.89%	0.43%	160,881	171,338
- ROC - Allowances & Service Related Benefits	124,441	127,941	107,218	127,941	146,272	14.33%	0.41%	155,780	165,906
- ROC - Social Contributions	5,875	5,875	3,646	5,875	4,789	-18.48%	0.01%	5,101	5,432
Contracted Services	3,904,725	4,071,259	2,856,232	4,025,613	4,080,213	0.22%	11.56%	4,316,714	4,532,879
- Outsource Services	2,019,180	2,076,451	1,587,338	2,041,882	2,170,472	4.53%	6.15%	2,327,345	2,458,388
- Consultants and Professional Services	460,982	501,890	287,932	492,488	292,954	-41.63%	0.83%	268,517	247,919
- Contractors	1,424,564	1,492,918	980,962	1,491,242	1,616,787	8.30%	4.58%	1,720,851	1,826,571
Operational Cost	1,249,317	1,273,514	787,306	1,234,377	1,108,488	-12.96%	3.14%	1,155,901	1,205,887
Inventory	2,047,974	1,986,283	1,266,328	1,963,783	1,946,750	-1.99%	5.51%	2,101,290	2,267,393
Bulk Purchases	12,221,456	12,321,455	9,958,774	12,321,455	13,479,345	9.40%	38.18%	14,929,414	16,427,410
Interest Dividends and Rent on Land	801,404	665,462	536,303	665,462	992,048	49.08%	2.81%	1,076,811	1,156,190
Operating Leases	49,818	49,343	32,693	48,465	40,242	-18.44%	0.11%	44,130	48,134
Contribution for Bad Debt	1,549,864	1,332,553	1,176,174	1,332,553	1,453,081	9.04%	4.12%	1,569,722	1,695,138
Transfers and Subsidies	484,724	815,932	615,104	749,332	897,027	9.94%	2.54%	804,004	845,457
- Operational: Monetary	483,964	815,172	615,026	748,572	896,198	9.94%	2.54%	803,137	844,516
- Capital: Monetary	760	760	78	760	829	9.15%	0.00%	866	941
Depreciation and Amortisation	2,076,706	2,076,706	1,737,610	2,076,706	2,385,339	14.86%	6.76%	2,563,873	2,753,842
Income Tax	—	—	—	—	59,989	100.00%	0.17%	—	—
TOTAL EXPENDITURE	32,569,827	32,686,983	25,670,563	32,513,787	35,301,918	8.00%	100.00%	38,236,237	41,515,863
DEFICIT / (SURPLUS)	(2,369,830)	(2,352,289)	(3,087,259)	(2,297,650)	(2,275,607)	-3.26%		(2,300,626)	(2,455,373)
DISP OF FIXED AND INTANGIBLE ASSETS	15,000	15,000	(1,679)	15,000	14,578	(0)		15,307	16,073
FAIR VALUE ADJUSTMENT	—	—	(972)	—	700	100.00%		700	700
INVENTORY	—	—	825	—	—	0.00%		—	—
TOTAL GAINS AND LOSSES	15,000	15,000	(1,826)	15,000	15,278			16,007	16,773
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(2,354,830)	(2,337,289)	(3,089,084)	(2,282,650)	(2,260,329)			(2,284,618)	(2,438,600)
TOTAL RECOVERIES	(3,129,817)	(3,129,817)	(2,532,628)	(3,129,817)	(3,360,555)	0		(3,360,555)	(3,360,555)
TOTAL CHARGES	3,129,817	3,129,817	2,532,636	3,129,817	3,360,555	0		3,360,555	3,360,555
TOTAL CHARGES / RECOVERIES	—	—	8	—	—	0.00%		—	—
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(2,354,830)	(2,337,289)	(3,089,076)	(2,282,650)	(2,260,329)			(2,284,618)	(2,438,600)

The surplus of R2.2 billion reflected in 2018/19 is including the capital grant income recognised to fund Capital Expenditure. The mSCOA Framework currently under implementation does not provide for transfer to capital budget as an item, with the result that the operating surplus includes the capital grant income of R2.2 billion. Table 2 below depicts the surplus after the capital grants as R1.1 million in 2018/19.

Table 2 Consolidated Overview of the 2018/19 MTREF

CONSOLIDATED	Amended Budget - APR'18	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Operating Revenue	35,039,272,077	37,577,525,336	40,536,862,782	43,971,235,715
Total Operating Expenditure	32,686,982,834	35,301,917,895	38,236,237,249	41,515,862,857
Total Gains and Losses	15,000,000	15,278,401	16,007,321	16,772,687
<i>Surplus/(Deficit) for the year</i>	<i>2,337,289,243</i>	<i>2,260,329,040</i>	<i>2,284,618,212</i>	<i>2,438,600,171</i>
<i>Less Grant Income recognised to fund Capital Expenditure</i>	<i>(2,336,123,911)</i>	<i>(2,259,168,575)</i>	<i>(2,281,917,361)</i>	<i>(2,436,115,605)</i>
<i>Surplus/(Deficit) for the year after Capital Grants</i>	<i>1,165,332</i>	<i>1,160,465</i>	<i>2,700,851</i>	<i>2,484,566</i>

Alignment of the financial structure to SCOA Framework has resulted in the classification changes for some of the categories (the cost of free basic services is netted of against services charges).

Total operating **revenue** (which includes capital grant income) has grown by 7.2% or **R2.5 billion** for the 2018/19 financial year when compared to the 2017/18 Budget. For the two outer years, operational revenue is increasing with 7.9% and 8.5% respectively, equating to a total revenue growth of R6.3 billion over the MTREF when compared to the 2017/18 financial year.

Total operating **expenditure** amounts to **R35.3 billion** in the 2018/19 financial year. Thus, it translates into a **budgeted surplus of R1.1 million**. When compared to the 2017/18 Adjustments Budget, operational expenditure has grown by 7.9% in the 2018/19 budget. The operating surplus for the two outer years amounts to R2.7 million and R2.4 million respectively.

1.4 Operating Revenue Framework

Statistics from the 2011 National Census show that the population of City of Ekurhuleni has increased by an average of 3.14% annually. A large portion of these residents are unemployed, which results in an increase in services and expenditure but not necessarily an increase in the income base of Council.

For the City of Ekurhuleni to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that the city is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the city and continued economic development;
- Efficient revenue management, which aims to ensure a 94% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

-
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
 - Increase ability to extend new services and recover costs;
 - The municipality's Indigent Policy and rendering of free basic services; and
 - Tariff policies of the city.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 3 Summary of revenue classified by main revenue source (Source: NT Table A4)

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source										
Property rates	3,693,387	3,946,659	4,053,558	5,066,264	5,210,905	5,210,905	5,210,905	5,615,665	6,102,838	6,632,159
Service charges - electricity revenue	11,215,634	11,826,299	12,906,311	13,112,247	13,075,760	13,075,760	13,075,760	13,732,952	14,902,317	16,171,284
Service charges - water revenue	2,970,665	3,217,167	3,395,581	3,594,817	3,513,993	3,513,993	3,513,993	4,119,535	4,580,143	5,092,126
Service charges - sanitation revenue	1,005,144	1,054,668	1,109,672	1,344,228	1,344,228	1,344,228	1,344,228	1,594,808	1,754,269	1,929,676
Service charges - refuse revenue	1,040,979	961,447	1,273,529	1,280,355	1,280,355	1,280,355	1,280,355	1,338,897	1,452,661	1,576,092
Service charges - other	72,037	70,873	61,307	–	–	–	–	–	–	–
Rental of facilities and equipment	62,455	59,256	67,521	118,429	118,429	118,429	118,429	127,763	134,596	141,799
Interest earned - external investments	519,167	632,624	536,303	399,176	399,176	399,176	399,176	422,568	443,474	465,635
Interest earned - outstanding debtors	292,740	459,031	304,694	571,664	524,971	524,971	524,971	523,506	549,690	577,182
Dividends received	–	–	–	90	90	90	90	92	94	95
Fines, penalties and forfeits	313,355	319,360	346,153	164,257	139,257	139,257	139,257	138,197	145,107	152,363
Licences and permits	53,622	51,651	50,249	319,873	319,873	319,873	319,873	338,745	359,069	380,614
Agency services	257,983	276,375	282,219	–	–	–	–	–	–	–
Transfers and subsidies	3,882,315	4,464,972	5,047,640	5,486,348	5,647,866	5,647,866	5,647,866	6,014,349	6,362,339	6,832,838
Other revenue	193,547	160,717	157,024	1,177,867	1,177,867	1,177,867	1,177,867	1,350,581	1,467,648	1,582,558
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	25,573,029	27,501,101	29,591,762	32,635,615	32,752,771	32,752,771	32,752,771	35,317,657	38,254,245	41,534,420

Table 4 Percentage growth in revenue by main revenue source (this represents the revenue per source as a percentage of the total revenue)

Description	Year 2016/17	Current year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework						Proportionate % of Total Budget		
	Audited Actual R' 000	Adjusted Budget R' 000	%	Budget Year 2018/19 R '000	%	Budget Year +1 2019/20 R '000	%	Budget Year +2 2020/21 R '000	%	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Source												
Property Rates	4,053,558	5,210,905	15.9%	5,615,665	15.9%	6,102,838	16.0%	6,632,159	16.0%	15.9%	16.0%	16.0%
Service Charges - Electricity Revenue	12,906,311	13,075,760	39.9%	13,732,952	38.9%	14,902,317	39.0%	16,171,284	38.9%	38.9%	39.0%	38.9%
Service Charges - Water Revenue	3,395,581	3,513,993	10.7%	4,119,535	11.7%	4,580,143	12.0%	5,092,126	12.3%	11.7%	12.0%	12.3%
Service Charges - Sanitation Revenue	1,109,672	1,344,228	4.1%	1,594,808	4.5%	1,754,269	4.6%	1,929,676	4.6%	4.5%	4.6%	4.6%
Service Charges - Refuse Revenue	1,273,529	1,280,355	3.9%	1,338,897	3.8%	1,452,661	3.8%	1,576,092	3.8%	3.8%	3.8%	3.8%
Service Charges - Other	61,307	–	0.0%	–	0.0%	–	0.0%	–	0.0%	0.0%	0.0%	0.0%
Rental of Facilities and Equipment	67,521	118,429	0.4%	127,763	0.4%	134,596	0.4%	141,799	0.3%	0.4%	0.4%	0.3%
Interest earned - External Investments	536,303	399,176	1.2%	422,568	1.2%	443,474	1.2%	465,635	1.1%	1.2%	1.2%	1.1%
Interest earned -Outstanding Debtors	304,694	524,971	1.6%	523,506	1.5%	549,690	1.4%	577,182	1.4%	1.5%	1.4%	1.4%
Fines, penalties and forfeits	346,153	139,257	0.4%	138,197	0.4%	145,107	0.4%	152,363	0.4%	0.4%	0.4%	0.4%
Licenses and Permits	50,249	319,873	1.0%	338,745	1.0%	359,069	0.9%	380,614	0.9%	1.0%	0.9%	0.9%
Agency Services	282,219	–	0.0%	–	0.0%	–	0.0%	–	0.0%	0.0%	0.0%	0.0%
Transfers Recognised - Operational	5,047,640	5,647,866	17.2%	6,014,349	17.0%	6,362,339	16.6%	6,832,838	16.5%	17.0%	16.6%	16.5%
Other Revenue	157,024	1,177,957	3.6%	1,350,673	3.8%	1,467,742	3.8%	1,582,653	3.8%	3.8%	3.8%	3.8%
Gains on Disposal of PPE	–	–	0.0%	–	0.0%	–	0.0%	–	0.0%	0.0%	0.0%	0.0%
Total Revenue (Excluding Capital Transfers and Contributions)	29,591,762	32,752,771	100.0%	35,317,657	100.0%	38,254,245	100.0%	41,534,420	100.0%	100.0%	100.0%	100.0%
Total Revenue from Rates and Service Charges	22,799,959	24,425,240	74.6%	26,401,856	74.8%	28,792,228	75.3%	31,401,337	75.6%			

Revenue generated from rates and services charges contributes 74.8% (in 2018/19) of the total revenue basket for the city. The percentage is slightly higher than the previous year mainly as a result that the increase on service charges is higher than the sundry and other income sources.

Details in this regard are contained in Table 25 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) on page 61.

Electricity is the biggest source of income and represents R13.7billion or 38.9% of the total income budget in 2018/19. This contribution from electricity increases also to 38.9% in both outer years.

Property rates revenue amount to 15.9% or R5.6 billion. This includes income forgone.

Transfers and subsidies recognised amount to R6 billion or 17.2% of total income budget in the 2018/19 financial year and increases to R6.8 billion by 2020/21. The following table gives a breakdown of the various operating grants and subsidies allocated to the City over the medium-term.

Table 5 Operating Transfers and Grant Receipts

EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	2,387,871	2,576,154	3,114,230	5,033,595	5,118,098	5,118,098	5,559,028	5,936,579	6,403,093
Equitable Share	2,042,951	2,181,182	2,381,367	2,719,861	2,719,861	2,719,861	3,145,138	3,478,292	3,848,841
Expanded Public Works Programme Integrated Grant for Municipalities	6,422	13,709	22,125	44,718	44,718	44,718	25,054	–	–
Local Government Financial Management Grant [Schedule 5B]	1,250	1,050	1,050	1,050	1,050	1,050	1,000	1,000	1,000
Provincial Disaster Recovery Grant [Schedule 5B]	–	–	–	–	–	–	–	–	–
Public Transport Network Operations Grant [Schedule 5B]	10,000	30,000	40,000	40,000	120,000	120,000	216,592	233,631	244,790
Revenue Enhancement Grant: Debtors Book	–	–	–	–	–	–	–	–	–
RSC Levy Replacement	–	–	–	1,694,256	1,694,256	1,694,256	1,734,629	1,787,470	1,857,039
Intergrated City Development Grant	40,323	43,194							
Urban Settlement Development Grant	234,551	292,706	669,688	533,710	538,213	538,213	436,615	436,186	451,423
Urban Settlement Development Grant [Schedule 4B]	–	–	–	–	–	–	–	–	–
Municipal Human Settlements Capacity	52,374	14,313							
Provincial Government:	270,384	400,619	294,477	347,328	358,344	358,344	333,985	352,955	354,055
Agricultural Research and Technology	560	223	–	–	16	16	–	–	–
Disaster and Emergency Services	136,040	143,043	150,624	158,155	158,155	158,155	167,328	176,698	176,698
Housing	6,546	99,447	–	41,203	51,203	51,203	–	–	–
Libraries Archives and Museums	4,200	6,404	7,000	4,800	5,393	5,393	5,000	5,500	6,000
Primary Health Care	123,038	129,933	136,853	143,170	143,577	143,577	161,657	170,757	171,357
Disaster Grant		21,569							
Other grant providers:	7,374	1,553	9,025	25,132	25,132	25,132	25,132	25,132	25,132
Public Sector SETA	7,374	1,553	9,025	25,132	25,132	25,132	25,132	25,132	25,132
Total Operating Transfers and Grants	2,665,629	2,978,327	3,417,731	5,406,054	5,501,573	5,501,573	5,918,145	6,314,665	6,782,280

EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
RECEIPTS:									
Capital Transfers and Grants									
National Government:	1,888,481	1,954,852	1,792,444	2,294,664	2,277,034	2,277,034	2,192,969	2,222,917	2,377,116
Integrated City Development Grant	–	–	38,078	48,646	48,646	48,646	45,537	48,375	51,069
Integrated National Electrification Programme	61,000	50,000	40,000	40,000	40,000	40,000	45,000	38,000	32,000
Neighbourhood Development Partnership	–	20,000	68,700	82,000	102,574	102,574	75,262	42,190	72,800
Public Transport Network Grant	240,000	309,296	410,002	660,718	580,718	580,718	478,048	445,521	471,716
Urban Settlement Development Grant	1,569,981	1,550,181	1,220,664	1,451,300	1,492,895	1,492,895	1,535,122	1,635,766	1,734,531
WIFI Connectivity	–	7,375	–	–	201	201	–	–	–
Energy Efficiency Demand Side Management Grant	17,500	18,000	15,000	12,000	12,000	12,000	14,000	13,065	15,000
Provincial Government:	1,000	31,487	25,561	9,000	9,090	9,090	8,700	9,000	9,000
Libraries Archives and Museums	1,000	3,175	6,000	9,000	9,090	9,090	8,700	9,000	9,000
Housing		28,312	19,561						
Total Capital Transfers and Grants	1,889,481	1,986,339	1,818,005	2,303,664	2,286,124	2,286,124	2,201,669	2,231,917	2,386,116
TOTAL RECEIPTS OF TRANSFERS & GRANTS	4,555,110	4,964,666	5,235,736	7,709,719	7,787,697	7,787,697	8,119,814	8,546,583	9,168,396

Grants allocations from the Provincial Sphere are as provided in the 2017/18 extra ordinary gazette as the 2018/19 extra-ordinary gazette is not yet received, changes will be effected in the final budget.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

The principles set out in the Medium-term Budget Policy and Pricing Policy Statement formed the basis of tariff settings.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason, municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target in the budget narratives. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Rand Water tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's water tariffs is largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the City has undertaken the tariff setting process relating to service charges as follows:

1.4.1 Property Rates

The Municipal Property Rates Act came into effect on the 1 July 2009. In terms of section 46 of the Act, the market value of a property, if sold on the date of valuation in the open market by a willing seller to a willing buyer, is to be realised in the valuation roll.

In terms of section 8 of the Act, a municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, which may include categories determined according to the –

- a. Use of the property
- b. Permitted use of the property
- c. A Combination of (a) and (b).

In terms of section 15(1) of the Act, a municipality may in terms of criteria set out in its rates policy –

- a. Exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate levied on their property; or
- b. Grant to a specific category of owners of properties, or to the owners of a specific category of properties a rebate on or a reduction in the rates payable in respect of their properties.

Categories of properties and owners in respect of which rebates are granted may in accordance with section 15(2) include the following:

- (a) residential properties;
- (b) industrial properties;
- (c) business and commercial properties;
- (d) agricultural properties;
- (e) mining and quarries;
- (f) public service purpose properties;
- (g) public service infrastructure;
- (h) public benefit activity property;
- (i) vacant land;

Other Categories

- (j) state-owned properties;
- (k) municipal properties;
- (l) privately owned towns serviced by the owner;
- (m) informal settlements;
- (n) protected areas;
- (o) properties on which national monuments are proclaimed;
- (p) Places of worship

In terms of section 17 of the Act, the following rates, are deemed to be “impermissible”:

- a. the first 30% of the market value of Public Services Infrastructure;
- b. on any property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of public service infrastructure
- c. on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or a national botanical garden;
- d. on mineral rights within the meaning of paragraph (b) of the definition of “property” in section 1;
- e. on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality –
 - i. for residential purposes; or
 - ii. for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- f. on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residential residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

The Municipal Property Rates amendment act (29 of 2014) will become effective 1 July 2018 and Property Rates Policy have been amended to included changes.

FUNDING REQUIREMENTS

The following factors were taken into consideration in the determination of proposed rates:

- i. Operational and capital funding requirements.
 - ii. Market values of properties as published in second general valuation roll (GV 2017), including supplementary valuation rolls published after implementation date, compiled in terms of Municipal Property Rates act.
 - iii. Anticipated property developments and growth in supplementary property values.
- Value of properties as per published general and supplementary valuation rolls, can be summarized as follows:

Rating Code	Rate Code Description	Number	Market Value
1	Residential	574,561	353,894,536,950
2	Industrial	8,506	51,069,291,497
3	Business And Commercial	14,175	85,276,114,454
4	Agricultural	3,012	6,469,445,810
8	Municipal Properties	589	3,846,649,855
9	Public Service Infrastructure	2,487	25,727,493,700
11	Informal Settlements	5,548	461,838,000
12	Mining And Quarries	97	121,177,450
13	Vacant Land	47,605	13,122,241,750
14	Protected Areas	30	109,104,000
15	National Monument	3	2,600,000
25	Private Towns	694	6,508,229,000
30	Public Service Purpose Properties	2	166,538,000
31	Public Service Benefit Properties	574,561	353,894,536,950
		657,309	546,775,260,466

In order to realize required funding and based on differential rating ratio's in respect of individual categories of properties, it is proposed that residential base rate remain unchanged with 0,00979c, but be based on market value of property as reflected in valuation roll.

Tariffs per rating category will be as follows:

Table 6 Comparison of proposed rates to be levied for the 2018/19 financial year

Rate Code	Category	Ratio	Current Tariff (1 July 2017)	Proposed tariff (from 1 July 2018)
1	Residential	1	0.00916	0.00979
2	Industrial	2.5	0.02290	0.02448
3	Business and Commercial	2	0.01832	0.01958
4	Agriculture	0.25	0.00229	0.00245
30	State Owned Properties	2	0.01832	0.01958
8	Municipal Properties	2	0.01832	0.01958
9	Public Services Infrastructure (PSI)	0.25	0.00229	0.00245
10	Public Service Purpose Properties (PSP)	2	0.01832	0.01958
35	Public Benefit Activity Properties	0.25	0.00229	0.00245
25	Private Towns	1	0.00916	0.00979
11	Informal Settlements	1	0.00916	0.00979
12	Mining and Quarries	3	0.02748	0.02938
13	Vacant Land	4	0.03664	0.03917
14	Protected Areas	1	0.00916	N/A
15	National Monuments	1	0.00916	0.00979

EXCLUSIONS AND REBATES

With the exception of Aged / Pensioners rebate, Disability grantees and medically boarded persons, exclusions and rebates as per item 4 of tariff schedule, will remain unchanged.

Sliding scale in respect of item 4.5 - Aged / Pensioners rebate, Disability grantees and medically boarded persons have been amended as follows:

Average Monthly earnings in respect of preceding 12 months.	
R0.00 to R 3 600.00 (2 x State pensions when amended)	100 % rebate on assessment rates
R3,600.01 to R6,800.00	85% rebate on assessment rates
R6,800.01 to R10,000.00	70% rebate on assessment rates
R10,000.01 to R11,000.00	55% rebate on assessment rates
R11,000.01 to R16,500.00	40% rebate on assessment rates

1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases

Rand Water indicated a tariff increase **12.96%, being 12.2% plus the Water research levy of 0.76%**. In terms of Water Research Act, 1971, Rand Water was tasked to collect the Water research levy which is not part of the Rand Water's tariff, for payment to Water Research Commission.

The factors considered for the proposed tariff increase include the following:

- DWS Raw water abstraction costs – this includes the pumping of untreated water from the Sterkfontein Dam (source) to the Vaal River System and the treatment of AMD (acid mine drainage)
- TCTA raw water charge – this talks to the Augmentation Scheme – Lesotho Highlands Water Project (Phase 2)
- Chemical costs – water treatment and purification to drinking water standards as per SANS 241
- Energy Costs – pumping purified water from the Rand Water Plants into the municipal reservoirs/towers
- Labour costs, Inflation and other expenses (Asset Replacement Value, Operations and Maintenance costs)
- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Table 7 Summary of tariffs: water

CATEGORY	CURRENT TARIFFS 2017/18	PROPOSED TARIFFS 2018/9
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
0 – 6 kℓ per 30-day period	0.00	10.21
7 – 15 kℓ per 30-day period	14.89	16.81
16 – 30 kℓ per 30-day period	18.24	20.60
31 – 45 kℓ per 30-day period	22.69	25.63
46 kℓ or more per 30-day period	27.98	31.61
NON-RESIDENTIAL		
0 – 5 000 kℓ per 30-day period	19.53	22.06
5 001 – 25 000 kℓ per 30-day period	19.84	22.41
25 001 > kℓ per 30-day period	20.70	23.38

***Assume that 0-6 kl is at no cost for the household with property value below 750 000

The residential tariff structure is designed to charge higher levels of consumption at a higher rate, steadily increasing to a rate of R31.61 per kilolitre for consumption in excess of 45kℓ per 30-day period.

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling house:

Table 8 Impact of water increases for a single dwelling house

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change %
5	0.00	0.00	0.00	0.0%
10	59.56	67.28	7.72	12.96%
20	225.21	254.38	29.17	12.96%
30	407.61	460.38	52.77	12.96%
40	634.51	716.68	82.17	12.96%
50	887.86	1,002.88	115.02	12.96%
80	1,727.26	1,951.18	223.92	12.96%
100	2,286.86	2,583.38	296.52	12.96%

The sanitation tariff increase is based on the increase in purification cost as received from ERWAT. The ERWAT increase for the 2018/19 financial year is 10% and it is proposed that the sanitation tariffs to the customers be increased by 9%.

The tariffs proposed for the sanitation service are as follows:

Table 9 Summary of tariffs: sanitation

CATEGORY	CURRENT TARIFFS 2017/18	PROPOSED TARIFFS 2018/19
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
0 – 6 kℓ per 30-day period	0.00	14.68
7 – 15 kℓ per 30-day period	10.77	11.74
16 – 30 kℓ per 30-day period	4.58	4.99
31 – 45 kℓ per 30-day period	4.21	4.59
46 kℓ or more per 30-day period	2.87	3.13
NON-RESIDENTIAL		
0 – 5 000 kℓ per 30-day period	8.45	9.21
5 001 – 25 000 kℓ per 30-day period	4.50	4.90
25 000 > kℓ per 30-day period	2.93	3.19

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling house:

Table 10 Impact of sanitation increases on a single dwelling house

Monthly consumption kl	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change %
5	0.00	0.00	0.00	0%
10	43.08	46.96	3.88	9.00%
20	119.83	130.61	10.78	9.00%
30	165.63	180.51	17.88	9.00%
40	207.73	226.41	18.68	9.00%
50	243.13	265.01	21.88	9.00%
80	329.23	358.91	29.68	9.00%
100	386.63	421.51	34.88	9.00%

1.4.3 Sale of Electricity and Impact of Tariff Increases

National Treasury Circular No. 91 provides for the guidelines in the terms of the NERSA pronouncement on tariff. In line with the NERSA guideline CoE will pass on an electricity tariff increase between 5.23% and 8.5% to its customers. The bulk purchase figure is based on a 7,32% increase for the City's purchases of electricity.

The proposed electricity tariff increases and changes are designed to generate revenue amounting to 5.11% more than the 2017/18 budget income for CoE. The additional income figure is predicted after taking into account a zero percent growth, and then adding the new tariff increase ranging between 5.23% and 8.5% to the current 2017/18 tariffs.

There is no proposed change in the Tariff structure. To be in line with the guidelines the following tariffs will be applicable as from 1 July 2018:

- Tariff A IBT 5.23% (Tariff matching eskom exact values in block 1)
- Tariff A IBT 8.5 % (Existing rate for Tembisa customers on the IMMS system)
- Tariff B 6.84%
- Tariff C 6.84%
- Tariff D 6.84%
- Tariff E 6.84%

An amount equal to 4% of the income is to be ring-fenced and placed in a maintenance fund that will only be used to fund critical electricity maintenance and refurbishment. At the level of increase, this maintenance fund is estimated to accumulate to a total of R546 million in the 2018/19 financial year.

An amount equal to 0.25% of the income is to be ring-fenced and placed into an energy efficiency demand side management fund that will only be used to fund critical energy efficiency and demand side management projects. At this level of increase, this fund is estimated to accumulate to a total of R34.1 million in the 2018/19 financial year. The fund will be used to convert council-owned assets to become energy efficient with projects such as streetlight efficiency; building efficiency and possibly the installation of solar geysers at Council owned properties.

The following table provides a brief summary of the proposed July 2018 tariff increase:

Table 11 Summary of tariff increases: electricity

DESCRIPTION	APPROVED TARIFFS 2017/18 R	PROPOSED TARIFFS 2018/19 R	% Increase
Tariff A (Business)			
Energy charge	1.82,20	1.94,67	6.84%
Tariff A (IBT) Energy charge			
A.1 Block (0 to 600 kWh)	1.05,66	1.11,19	5.23%
A.2 Block (>600 to <=700 kWh)	1.79,61	1.89,00	5.23%
A.3 Block (>700 kWh)	5.02,40	5.36,78	6.84%
A.4 Flat rate in the case of a billing system that cannot accommodate the inclining block rate.	1.08,40	1.17,61	8.50%
Tariff B (Residential and Bulk Residential) Energy charge			
Energy charge	1.56,11	1.66,79	6.84%
Tariff B (Business, Mixed business and Residential, Commercial or Industrial) Energy charge			
Energy charge (High Demand)	1.72,68	1.84,50	6.84%
Energy charge (Low Demand)	1.36,84	1.46,20	6.84%
Tariff C Energy charge			
High Demand Season			
230/400 V	1.75,53	1.88,00	7.10%
230/400 V, direct from substation	1.72,40	1.84,50	7.02%
>230/400V & < = 11kV	1.69,25	1.81,00	6.94%
Low Demand Season			
230/400 V	1.05,24	1.12,44	6.84%
230/400 V, direct from substation	1.03,37	1.10,44	6.84%
>230/400V & < = 11kV	1.01,48	1.08,42	6.84%
Tariff D Energy charge			
High Demand Season (Peak)			
230/400 V, direct from substation	3.77,99	4.04,00	6.88%
>230/400V & < = 11kV	3.71,08	3.96,50	6.84%
>11kV	3.43,67	3.67,50	6.93%
High Demand Season (Standard)			
230/400 V, direct from substation	1.32,66	1.41,74	6.84%
>230/400V & < = 11kV	1.30,30	1.39,50	7.06%
>11kV	1.20,60	1.29,00	6.96%
High Demand Season (Off-Peak)			
230/400 V, direct from substation	0.80,00	0.85,47	6.84%

DESCRIPTION	APPROVED TARIFFS 2017/18 R	PROPOSED TARIFFS 2018/19 R	% Increase
>230/400V & < = 11kV	0.78,56	0.83,94	6.84%
>11kV	0.72,77	0.77,75	6.84%
Low Demand Season (Peak)			
230/400 V, direct from substation	1.40,58	1.50,20	6.84%
>230/400V & < = 11kV	1.38,01	1.47,50	6.87%
>11kV	1.27,82	1.36,57	6.84%
Low Demand Season (Standard)			
230/400 V, direct from substation	0.92,22	0.98,53	6.84%
>230/400V & < = 11kV	0.90,54	0.96,74	6.84%
>11kV	0.83,92	0.89,66	6.84%
Low Demand Season (Off-Peak)			
230/400 V, direct from substation	0.72,77	0.77,75	6.84%
>230/400V & < = 11kV	0.71,40	0.76,29	6.84%
>11kV	0.66,10	0.70,62	6.84%
Tariff E Energy charge			
High Demand Season (Peak)			
230/400 V	5.23,44	5.59,30	6.84%
230/400 V, direct from substation	5.14,08	5.49,30	6.84%
>230/400V & < = 11kV	5.04,78	5.39,50	6.87%
>11kV	4.67,33	4.99,50	6.88%
High Demand Season (Standard)			
230/400 V	1.49,48	1.60,00	7.03%
230/400 V, direct from substation	1.46,83	1.57,00	6.92%
>230/400V & < = 11kV	1.44,17	1.54,50	7.16%
>11kV	1.33,49	1.43,00	7.12%
High Demand Season (Off-Peak)			
230/400 V	0.88,,22	0.94,26	6.84%
230/400 V, direct from substation	0.86,59	0.92,52	6.84%
>230/400V & < = 11kV	0.85,00	0.90,82	6.84%
>11kV	0.78,71	0.84,10	6.84%
Low Demand Season (Peak)			
230/400 V	1.59,16	1.70,05	6.84%
230/400 V, direct from substation	1.56,43	1.67,14	6.84%
>230/400V & < = 11kV	1.53,52	1.64,03	6.84%
>11kV	1.42,14	1.51,87	6.84%

DESCRIPTION	APPROVED TARIFFS 2017/18 R	PROPOSED TARIFFS 2018/19 R	% Increase
Low Demand Season (Standard)			
230/400 V	1.04,50	1.11,65	6.84%
230/400 V, direct from substation	1.02,72	1.09,75	6.84%
>230/400V & < = 11kV	1.00,79	1.07,69	6.84%
>11kV	0.93,33	0.99,72	6.84%
Low Demand Season (Off-Peak)			
230/400 V	0.78,43	0.83,80	6.84%
230/400 V, direct from substation	0.77,09	0.82,37	6.84%
>230/400V & < = 11kV	0.75,63	0.80,81	6.84%
>11Kv	0.70,05	0.74,84	6.84%

MITIGATION MEASURE ON TARIFF A (IBT) TO PREVENT RISK TO CITY OF EKURHULENI REVENUE

Free Basic Electricity is targeted to only low consumption customers.

Tariff A (IBT) is the City of Ekurhuleni tariff suitable for lower-end users of electricity. The tariff has inclining blocks (where energy is progressively more expensive, as more energy is used) and is heavily subsidised.

The tariff places financial risk on City of Ekurhuleni, should higher end users migrate to this pro-poor tariff. Mitigation measures are the following:

- The last block of the tariff, as in the previous financial year, is at a very high level of R5.36. This block aims to prevent higher end users from abusing this subsidized tariff. In effect, if customers use enough electricity to reach the very high block (i.e. above 700 units per calendar month), they should migrate to Tariff B;

Revenue enhancement projects will see a continued focus on tampered prepayment meters (as well as protecting them), with a view to also assisting finance in achieving proposed payment levels. Revenue is also enhanced by the continual refinement of energy tariffs, derived from the analysis of Eskom supply tariffs, as well as those of other key players in the South African Energy market. Finally, back office work will see more business processes implemented and these will lead to better efficiencies and a better service to energy customers.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for a single dwelling house:

Table 12 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change %
100 (Tariff A)	0.00	0.00	0.00	0.00%
250 (Tariff A)	158.49	166.79	8.30	5.23%
500 (Tariff B)	780.55	444.76	22.12	5.23%
750 (Tariff B)	1170.82	1261.93	81.10	6.87%
1 000 (Tariff B)	1561.10	1678.90	107.80	6.86%
2 000 (Tariff B)	3122.20	3346.80	214.60	6.85%

1.4.4 Waste Removal and Impact of Tariff Increases

The proposed tariff increase for rendering of refuse removal services and disposal services is 7.5%. The proposed tariff increase yielded a total revenue increase of 7.57%. The growth rate of 1% was assumed in the 2018/19 financial year.

The following is the list of the fundamental services of the department:

- ✓ Income generating services
 - Round collection
 - Bulk container services
 - Litter picking in commercial and industrial areas
 - Operation and management of landfill sites
- ✓ Non income generating services
 - Mini refuse disposal sites/transfer stations
 - Litter picking –all areas excluding commercial and industrial areas
 - Rehabilitation of old disposal sites
 - Removal of illegal dumping

The main cost drivers for Waste Management Services are as follows:

– **Increase in transport costs:**

Waste management services, with the exception of landfills, are in essence a transport intensive operation and are therefore sensitive to the substantial and constant increases in the price of the following key transport inputs:

- Oils and lubricants
- Fuel costs
- General repairs and maintenance of the fleet

– **Labour costs**

Refuse removal is a labour intensive operation and labour costs tend to have a ripple effect on tariffs.

The following table compares current and proposed amounts payable from 1 July 2018:

Table 13 Comparison between current waste removal fees and increases

Residential Stand Size (for Bags Removal)	CURRENT TARIFFS FOR 2017/18	PROPOSED TARIFFS FOR 2018/19	INCREASE	%
Property Value <u>BELOW</u> R300 000				
0 - 300 m ² (Properties with value of R300 000 and less)	R 103.98	R 111.78	R 7.8	7.5%
Property Value <u>ABOVE</u> R300 000				
0- 300 m ²	R 122.35	R 137.90	R 15.55	127%
301- 600 m ²	R 144.09	R 154.90	R 10.81	7.5%
601 - 900 m ²	R 160.81	R 172.87	R 12.06	7.5%
901 - 1200 m ²	R 177.60	R 190.92	R 13.32	7.5%
1201 - 1500 m ²	R 205.54	R 220.96	R 15.42	7.5%
1501 - 2000 m ²	R 233.49	R 251.00	R 17.51	7.5%
2000 m ² +	R 261.41	R 281.02	R 18.61	7.5%
Residential Stand Size (for 240l Bins Removal)	CURRENT TARIFFS FOR 2017/18	PROPOSED TARIFFS FOR 2018/19	INCREASE	%
Property Value <u>BELOW</u> R300 000				
0 - 300 m ² (Properties with value of R300 000 and less)	R 122.35	R 137.90	R 15.55	127%
Property Value <u>ABOVE</u> R300 000				
Other Properties with Property Value more than R300 000	R 150.92	R 162.24	R 11.32	7.5%

1.4.5 Other Tariff Increases

The Finance Department has embarked on a process to compile a consolidated report of all sundry tariffs of all the departments. The tariffs were determined by departments and consolidated by the Finance Department. Sundry tariff increases were guided by the CPI rate in most cases. In cases where the increase is not in line with the CPI rate, brief comments/motivations from departments were included.

Table 14 Summary of the Sundry Tariff Increases

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2017/18	PROPOSED TARIFFS INCREASES 2018/19	COMMENTS
Financial Services (Schedule 6)	Avg. 5% (Ranges between 4.02% - 9.37%)	Avg. 5% (Ranges between 5.3% - 14.3%)	
Building Plans & Related Services (Schedule 7)	Avg.4% (Ranges between 3% - 8%)	Avg.5% (Ranges between 3% - 5.8 %)	The determination of the tariffs was set in line with the tariff structure of other cities municipalities and also in line with the budget instructions imposed for the determination of revenue, taking into consideration National Treasury guidelines and revenue targets set for Building Control revenue.
Roads Related Services (Schedule 8)	7.65%	Avg.4% (Ranges between 3% - 4.7 %)	
EMPD Services (Schedule 9)	6%	Avg.6.9% (Ranges between -75.4% - 17.6%)	The determination of the tariffs increase was set in line with the Consumer Price Index (CPI) and to uphold market related values. The Department has adjusted the tariffs to align to averaged benchmarked its tariffs.
Transport Planning (Schedule 10)	5%	5%	
Disaster Management Services (Schedule 11)	No increase	7.63%	The determination of the tariffs increase was set in line with the Producer Price Index (PPI) and to uphold values. The tariffs increased are motivated by the tariffs in the neighbouring Metros

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2017/18	PROPOSED TARIFFS INCREASES 2018/19	COMMENTS
Emergency Services (Schedule 12)	Avg. 8 % (Ranges between 3% - 13%) 36% included on the selected Emergency Service Course.	7.63%	The determination of the tariffs increase was set in line with the Producer Price Index (PPI) and to uphold values. The tariffs increased are motivated by the tariffs in the neighbouring Metros
Libraries & Information Services (schedule 13)	No increase	No increase	
Library Auditorium (schedule 14)	No increase	No increase	
Arts, Culture & Heritage (schedule 15)	No increase	No increase	
Sports & Recreation (schedule 16)	No increase	No increase	
Removal of Street (schedule 17)	6.5%	10%	Tariffs for the removal of street trees in City of Ekurhuleni are amended annually. The tariffs was created for the unauthorised removal of Council owned trees to assist the council in protecting the valuable green assets we have and our green heritage.
Cemeteries & Crematoriums (schedule 18)	No increase for CoE Residents. 6.5%for Non-Residents	No increase for CoE Residents. 6.5% for Non-Residents	The cemetery tariff increase is based on CPI which is recommended that a minimum nominal percentage increase be applied to cover inflationary increases in costs and reduce overall subsidization of interment. No further tariff adjustments will be done with the re-arrangement of grave subsidies.

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2017/18	PROPOSED TARIFFS INCREASES 2018/19	COMMENTS
Advertising Signs (schedule 19)	6%	Avg. 5.17 % (between 3% - 5.8%)	
City Planning (schedule 20)	6%	6%	The tariffs increase was set in line with the tariff CPIX, and fees were compared with the fees from Tshwane and Joburg Metros and in some cases the new fees were amended to compare better with that of other cities.
Economic Development (schedule 21)	5%	6%	
Environmental Health Services (schedule 22)	6.1%	6%	
Municipal Bus Services (schedule 23)	Avg. 5.17 % (between 3% - 6.25%)	Avg. 6.83 % (between 4.17% - 17.65%)	This average compares well with the overall increase of consumer goods and the increase in the cost of living. In order to ensure that the EMM bus fares are market-related compared to the fares charged by alternative modes of transport, cognizance needs to be taken of the tariffs being charged by the mini-bus taxis and other bus operators such as City to City, who currently operate the routes previously operated by Putco, in the same area
	N/A	R13.00	The schedule includes the Harambee bus fares proposed at R13 per commuter.
Hire of or use of Parks Facilities (schedule 24)	10%	10%	The increase is necessary to keep abreast with inflation and the rising costs of maintenance .The

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2017/18	PROPOSED TARIFFS INCREASES 2018/19	COMMENTS
			cost of hiring facilities also allows income generation for the Council which in turn ensures that a cost effective service can be rendered to the community.
Real Estate (schedule 25)	5%	Avg. 5.8 % (between 5% - 6%)	The determination of the tariffs was set in line with the tariff structure of other metropolitan municipalities and also in line with the budget instructions imposed for the determination of revenue, taking into consideration National Treasury guidelines and revenue targets set.

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 15 MBRR Table SA14 – household bills

EKU Ekurhuleni Metro - Supporting Table SA14 Household bills										
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	378.28	406.65	437.14	489.59	489.59	489.59	6.9%	523.26	562.50	604.69
Electricity: Basic levy	27.25	30.58	34.00	34.64	34.64	34.64	6.8%	37.01	40.15	43.56
Electricity: Consumption	1,270.00	1,423.40	1,532.20	1,561.10	1,561.10	1,561.10	6.8%	1,667.90	1,809.67	1,963.49
Water: Basic levy	–	–	–	–	–	–	–	–	–	–
Water: Consumption	296.76	339.93	370.56	407.61	407.61	407.61	12.9%	460.38	520.04	587.44
Sanitation	127.08	139.21	151.92	165.63	165.63	165.63	9.0%	180.51	196.75	214.46
Refuse removal	128.25	138.51	149.59	160.81	160.81	160.81	7.5%	172.87	185.83	202.56
Other	–	–	–	–	–	–	–	–	–	–
sub-total	2,227.62	2,478.28	2,675.41	2,819.38	2,819.38	2,819.38	7.9%	3,041.93	3,314.94	3,616.20
VAT on Services	258.91	290.03	313.35	326.17	326.17	326.17	–	377.80	412.86	451.72
Total large household bill:	2,486.53	2,768.31	2,988.76	3,145.55	3,145.55	3,145.55	8.7%	3,419.73	3,727.80	4,067.92
% increase/-decrease		11.3%	8.0%	5.2%	–	–	8.7%	8.7%	9.0%	9.1%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	253.11	272.09	292.49	327.58	327.58	327.58	6.9%	350.18	376.44	404.68
Electricity: Basic levy	–	–	–	–	–	–	–	–	–	–
Electricity: Consumption	335.48	378.04	415.84	424.98	424.98	424.98	6.8%	454.04	490.36	529.59
Water: Basic levy	–	–	–	–	–	–	–	–	–	–
Water: Consumption	230.36	263.87	287.66	316.41	316.41	316.41	12.9%	357.38	403.69	456.01
Sanitation	109.53	119.93	130.92	142.73	142.73	142.73	9.0%	155.56	169.56	184.82
Refuse removal	128.25	138.51	149.59	160.81	160.81	160.81	7.5%	172.87	188.42	205.38
Other	–	–	–	–	–	–	–	–	–	–
sub-total	1,056.73	1,172.44	1,276.50	1,372.51	1,372.51	1,372.51	8.6%	1,490.03	1,628.47	1,780.48
VAT on Services	112.50	126.05	137.76	146.29	146.29	146.29	–	170.97	187.80	206.37
Total small household bill:	1,169.23	1,298.49	1,414.26	1,518.80	1,518.80	1,518.80	9.4%	1,661.00	1,816.27	1,986.85
% increase/-decrease		11.1%	8.9%	7.4%	–	–	9.4%	9.4%	9.3%	9.4%
			(0.19)	(0.17)	(1.00)	–				
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	–	–	–	–	–	–	–	–	–	–
Electricity: Basic levy	–	–	–	–	–	–	–	–	–	–
Electricity: Consumption	125.81	236.28	259.90	265.61	265.61	265.61	6.8%	283.77	306.47	330.98
Water: Basic levy	–	–	–	–	–	–	–	–	–	–
Water: Consumption	131.44	150.56	164.14	180.54	180.54	180.54	13.0%	203.92	230.34	260.19
Sanitation	67.17	73.55	80.28	87.52	87.52	87.52	9.0%	95.39	103.97	113.33
Refuse removal	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
sub-total	324.42	460.39	504.32	533.67	533.67	533.67	9.3%	583.08	640.78	704.50
VAT on Services	45.41	64.45	70.60	74.71	74.71	74.71	–	87.46	96.12	105.67
Total small household bill:	369.83	524.84	574.92	608.38	608.38	608.38	10.2%	670.54	736.90	810.17
% increase/-decrease		41.9%	9.5%	5.8%	–	–	10.2%	10.2%	9.9%	9.9%

Cognisance must be taken of the following factors affecting the average monthly household bills as indicated in the above schedule:

- In the above example, the overall impact of tariff increases on the household bills in 2018/19 ranges between to 8.7% and 10.2%. The estimated increases in the outer years are reflected in the above table as well.
- The calculation with regard to electricity is based on the assumption that Tariff B would be applicable for middle income households. These households are not entitled to free basic electricity (FBE). Tariff A (IBT) is applicable for the indigent households in the above example.

-
- All consumers with property value below R750, 000 will receive 6kl of water free, whilst indigents receive 9kl of water free.

1.5 Operating Expenditure Framework

The City's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The asset renewal and the repairs and maintenance requirements as identified in the backlog study.
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing, uncommitted, cash-backed reserves to fund any deficit.
- Funding of the budget over the medium-term, as informed by Section 18 and 19 of the MFMA.
- The capital programme is aligned to the asset renewal needs and backlog eradication goals.
- The prioritisation of capital needs was based on the Capital Investment Framework.
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 16 Summary of operating expenditure by standard classification item (Table A4)

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type										
Employee related costs	5,587,350	6,338,421	6,051,006	8,053,523	7,956,609	7,956,609	7,956,609	8,708,334	9,513,498	10,412,194
Remuneration of councillors	99,977	105,696	119,944	130,316	133,816	133,816	133,816	151,062	160,881	171,338
Debt impairment	2,211,425	1,434,058	2,609,579	1,549,864	1,332,553	1,332,553	1,332,553	1,453,081	1,569,722	1,695,138
Depreciation & asset impairment	2,057,381	2,144,071	2,013,797	2,076,706	2,076,706	2,076,706	2,076,706	2,385,339	2,563,873	2,753,842
Finance charges	571,556	848,639	901,847	801,404	665,462	665,462	665,462	992,048	1,076,811	1,156,190
Bulk purchases	10,218,508	11,662,156	12,402,511	12,221,456	12,321,455	12,321,455	12,321,455	13,479,345	14,929,414	16,427,410
Other materials	1,328,381	1,660,851	2,005,713	2,047,974	1,982,466	1,982,466	1,982,466	1,946,750	2,101,290	2,267,393
Contracted services	714,568	856,564	1,061,354	3,904,725	4,077,153	4,077,153	4,077,153	4,080,213	4,316,714	4,532,879
Transfers and subsidies	1,167,559	1,096,477	1,206,630	484,724	815,932	815,932	815,932	897,027	804,004	845,457
Other expenditure	1,428,532	1,529,914	1,763,820	1,299,135	1,324,831	1,324,831	1,324,831	1,148,730	1,200,031	1,254,021
Loss on disposal of PPE	7,838	–	(7,951)	15,000	15,000	15,000	15,000	14,578	15,307	16,073
Total Expenditure	25,393,075	27,676,848	30,128,249	32,584,827	32,701,983	32,701,983	32,701,983	35,256,508	38,251,545	41,531,936
Surplus/(Deficit)	179,954	(175,747)	(536,487)	50,788	50,788	50,788	50,788	61,149	2,701	2,484
allocations) (National / Provincial and District)	1,877,868	2,147,158	1,788,457	2,303,664	2,286,124	2,286,124	2,286,124	2,259,169	2,281,917	2,436,116
Surplus/(Deficit) after capital transfers & contributions	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,320,318	2,284,618	2,438,600
Surplus/(Deficit) after taxation	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600
Surplus/(Deficit) for the year	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600

The City has a Job-creating project in place, The Clean City Project, R62 million is provided for the payment of stipends for field workers of the project.

A detailed analysis is supplied with the discussion regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget. An increase of 7% has been provided in the 2018/19 financial year.

The **provision of debt impairment** was determined based on an annual collection rate of 94% and the principles as set out in the Provision for Doubtful Debt and Debt Write-off Policy. For the 2018/19 financial year this amount equates to R1.4 billion and escalates to R1.6 billion by 2019/20.

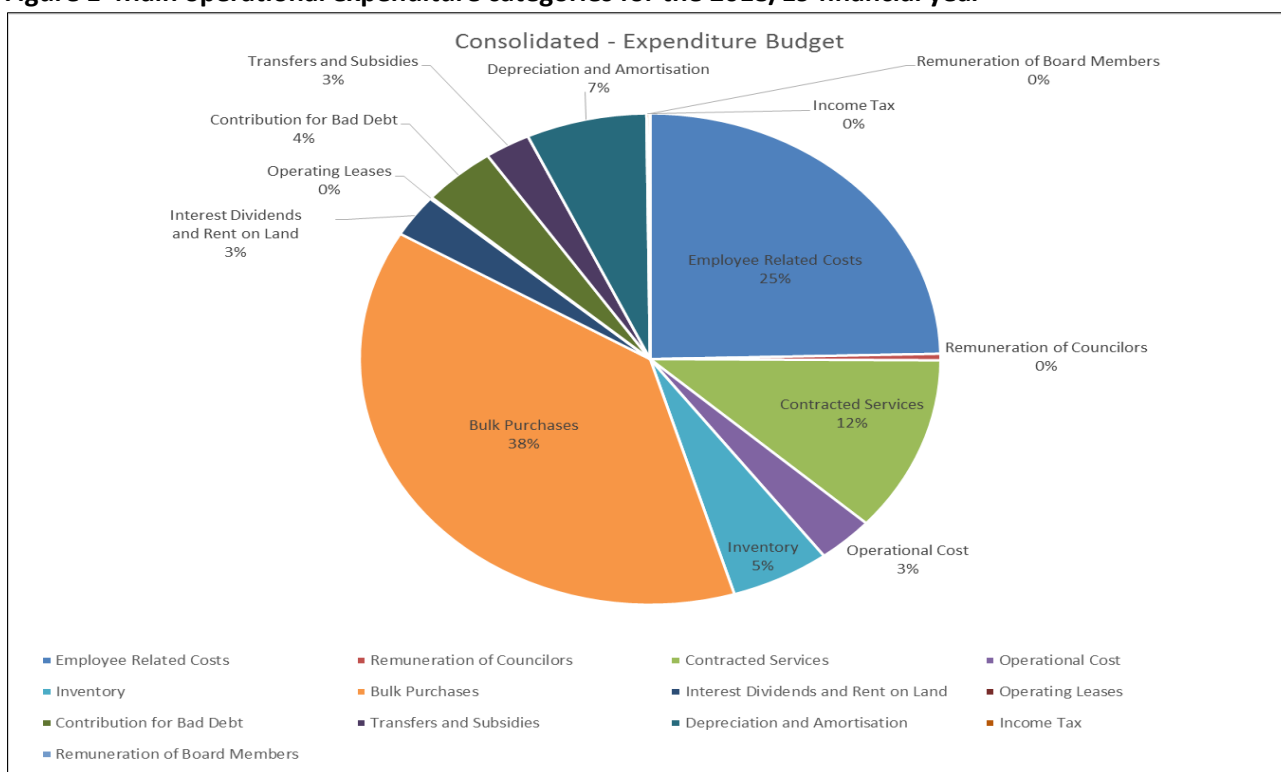
Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R2.3 billion for the 2018/19 financial year.

Interest on External Loans and Borrowings (excludes the annual redemption) reflects an increase from R651 million in 2017/18 to R992 million in the 2018/19. This is due council decision to borrow R3.4 billion in 2018/19 to fund capital budget. The interest on external loan is calculated based on the estimated rate of 10.5%.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Repairs and Maintenance comprise of, amongst others, the purchase of materials for maintenance and the appointment of external contractors to perform maintenance works. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. The budget allocation for 2018/19 against this group of expenditure is R2.4 billion which represents 9.4% of the total operating expenditure.

The following graph gives a breakdown of the main expenditure categories for the 2018/19 Budget.

Figure 1 Main operational expenditure categories for the 2018/19 financial year

1.5.1 Repairs and maintenance

Aligned to the priority given to preserving and maintaining the City's current infrastructure, the 2018/19 budget and MTREF provide for growth in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance requirements of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. The following table is extracted from MBRR Table SA1 to reflect the amount provided for repairs and maintenance in context with the amounts provided for PPE, depreciation and the renewal of assets.

Table 17 Operational repairs and maintenance (SA1)

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Repairs and Maintenance by Expenditure Item										
Employee related costs	703,287	575,114	27,427							
Other materials	625,094	1,085,737	1,978,286	1,411,376	1,337,842	1,337,842	1,337,842	1,529,853	1,658,349	1,798,452
Contracted Services	–	–	–	800,024	787,678	787,678	787,678	886,313	944,413	1,005,923
Other Expenditure										
Total Repairs and Maintenance Expenditure	1,328,381	1,660,851	2,005,713	2,211,399	2,125,519	2,125,519	2,125,519	2,416,166	2,602,763	2,804,375

The table below provides a breakdown of repairs and maintenance in relation to asset class as summarised from MBRR SA34c:

Table 18 Consolidated repairs and maintenance by asset class (SA34c)

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	905,805	1,167,721	1,704,768	1,794,402	1,722,854	1,722,854	1,960,068	2,115,369	2,285,290
Roads Infrastructure	139,083	262,839	529,802	604,800	592,759	592,759	651,068	692,412	736,444
<i>Roads</i>	139,083	262,839	529,802	586,292	575,356	575,356	631,395	671,461	714,130
<i>Road Furniture</i>	–	–	–	18,508	17,403	17,403	19,673	20,951	22,313
Storm water Infrastructure	21,181	43,794	52,839	36,333	40,688	40,688	38,970	41,503	44,200
<i>Drainage Collection</i>	–	–	–	36,333	40,688	40,688	38,970	41,503	44,200
<i>Storm water Conveyance</i>	21,181	43,794	52,839	–	–	–	–	–	–
Electrical Infrastructure	526,489	584,083	570,726	688,914	628,110	628,110	747,101	806,264	870,270
<i>Power Plants</i>	511,542	529,860	514,357	–	–	–	–	–	–
<i>HV Substations</i>	14,947	54,222	56,370	36,558	37,286	37,286	46,713	49,890	53,286
<i>HV Transmission Conductors</i>	–	–	–	1,894	1,894	1,894	2,312	2,451	2,598
<i>MV Substations</i>	–	–	–	19,212	19,212	19,212	21,533	22,932	24,423
<i>MV Switching Stations</i>	–	–	–	–	–	–	–	–	–
<i>MV Networks</i>	–	–	–	567,725	516,913	516,913	597,976	647,317	700,851
<i>LV Networks</i>	–	–	–	63,525	52,805	52,805	78,567	83,674	89,112
Water Supply Infrastructure	85,078	116,998	390,042	216,548	215,913	215,913	244,457	266,550	290,762
<i>Bulk Mains</i>	–	–	–	7,046	7,046	7,046	7,606	8,100	8,627
<i>Distribution</i>	85,078	116,998	390,042	209,502	208,867	208,867	236,851	258,450	282,135
Sanitation Infrastructure	78,273	107,918	106,836	192,772	191,749	191,749	220,190	246,569	277,508
<i>Pump Station</i>	–	–	–	67,130	67,130	67,130	73,673	78,461	83,561
<i>Reticulation</i>	78,273	107,918	106,836	45,301	44,278	44,278	48,280	51,418	54,760
<i>Waste Water Treatment Works</i>	–	–	–	80,341	80,341	80,341	98,238	116,690	139,187
Solid Waste Infrastructure	55,702	52,090	54,523	55,035	53,635	53,635	58,283	62,071	66,106
<i>Landfill Sites</i>	55,702	52,090	54,523	55,035	53,635	53,635	58,283	62,071	66,106
Community Assets	59,823	93,593	62,397	–	984	984	97,702	104,138	110,973
Community Facilities	56,582	87,924	45,719	–	984	984	31,350	33,493	35,746
<i>Halls</i>	5,212	5,110	17,934	–	–	–	201	212	225
<i>Centres</i>	286	1,604	–	–	–	–	–	–	–
<i>Clinics/Care Centres</i>	566	1,058	2,796	–	–	–	5,052	5,344	5,657
<i>Fire/Ambulance Stations</i>	15,683	16,871	3,489	–	–	–	10,499	11,180	11,905
<i>Museums</i>	237	832	893	–	–	–	1,794	1,897	2,007
<i>Libraries</i>	619	962	1,051	–	–	–	6,613	7,207	7,808
<i>Cemeteries/Crematoria</i>	–	10,905	12,697	–	–	–	4,622	4,918	5,233
<i>Public Open Space</i>	18,461	29,508	6,858	–	–	–	–	–	–
<i>Markets</i>	–	–	–	–	–	–	1,632	1,737	1,849
<i>Taxi Ranks/Bus Terminals</i>	15,519	21,077	–	–	984	984	937	998	1,063
Sport and Recreation Facilities	3,241	5,669	16,679	–	–	–	66,352	70,645	75,227
<i>Indoor Facilities</i>	514	740	875	–	–	–	634	672	713
<i>Outdoor Facilities</i>	2,607	4,836	15,803	–	–	–	65,718	69,973	74,514
<i>Capital Spares</i>	120	93	–	–	–	–	–	–	–
Heritage assets	154,177	132,252	(229,323)	–	–	–	–	–	–
Other Heritage	154,177	132,252	(229,323)	–	–	–	–	–	–
Investment properties	21,730	21,593	31,938	45,385	46,185	46,185	48,083	51,208	54,537
Non-revenue Generating	21,730	21,593	31,938	45,385	46,185	46,185	48,083	51,208	54,537
<i>Improved Property</i>	21,730	21,593	31,938	45,385	46,185	46,185	48,083	51,208	54,537
Other assets	18,111	25,375	53,185	156,052	148,047	148,047	96,695	103,533	110,237
Operational Buildings	–	–	1,306	156,052	148,047	148,047	48,935	53,202	57,871
<i>Municipal Offices</i>	–	–	1,306	156,052	148,047	148,047	48,935	53,202	57,871
Housing	18,111	25,375	51,879	–	–	–	47,760	50,331	52,366
<i>Staff Housing</i>	–	–	–	–	–	–	–	–	–
<i>Social Housing</i>	18,111	25,375	51,879	–	–	–	47,760	50,331	52,366
<i>Capital Spares</i>	–	–	–	–	–	–	–	–	–
Computer Equipment	57,338	89,085	139,399	3,917	3,917	3,917	4,172	4,806	5,094
Computer Equipment	57,338	89,085	139,399	3,917	3,917	3,917	4,172	4,806	5,094
Furniture and Office Equipment	16,997	21,368	22,410	37,382	37,079	37,079	30,792	32,897	35,027
Furniture and Office Equipment	16,997	21,368	22,410	37,382	37,079	37,079	30,792	32,897	35,027
Machinery and Equipment	–	–	–	6,475	6,461	6,461	4,471	4,744	5,034
Machinery and Equipment	–	–	–	6,475	6,461	6,461	4,471	4,744	5,034
Transport Assets	94,400	109,864	220,939	167,786	159,992	159,992	174,184	186,067	198,182
Transport Assets	94,400	109,864	220,939	167,786	159,992	159,992	174,184	186,067	198,182
Total Repairs and Maintenance Expenditure	1,328,381	1,660,851	2,005,713	2,211,399	2,125,519	2,125,519	2,416,166	2,602,762	2,804,374

The amount budgeted for repairs and maintenance in the 2018/19 financial year represents 4.4% of the value of Property, Plant and Equipment (see table above). Due to the increase in the R&M budget, this percentage will eventually increase to **8%** as repairs and maintenance is priority to the City.

1.5.2 Free Basic Services: Basic Social Services Package

Council renders free basic services (FBS) to residents, and services grants based on certain conditions. FBS imply the service is rendered for free to all residents. It means a resident does not need to apply for the free service.

The cost of FBS is regarded as “Income Forgone” and the cost is deducted from the income of the relevant service. In other words, it would have been income but Council opted not to charge residents for the service rendered.

Various grants or rebates are allocated to residents based on their specific socio-economic circumstances. Such grants and rebates are only supplied if the terms and conditions are adhered to. As these grants or rebates are not applicable to all residents, it is not treated like FBS (and subsequently deducted from the income budget), but is recorded in the budget as a grant expenditure item in the expenditure of the budget.

The following table reflects the costs of the FBS and grants and rebates:

Table 19 Cost of Free Basic Services and Indigents

Description	Actuals 2016/17	Amended Budget 2017/18	Final Budget 2018/19	% Increase	Budget 2019/20	% Increase	Budget 2020/21
Income Forgone: R150K Rate Exclusions	637,480,540	755,763,224	822,369,837	8.8%	884,047,575	7.5%	950,351,144
Income Forgone: Sanitation 6Kl	349,971,213	399,331,998	311,569,376	-22.0%	339,610,620	9.0%	370,175,576
Income Forgone: Water 6Kl	482,636,597	537,248,362	429,646,101	-20.0%	472,610,711	10.0%	519,871,782
TOTAL FREE BASIC SERVICES	1,470,088,350	1,692,343,584	1,563,585,314	-7.6%	1,696,268,906	8.5%	1,840,398,502
Grants: Indigent Rates	44,453,870	97,270,229	104,954,576	7.9%	112,826,168	7.5%	121,288,131
Grants: Pensioner Rebate	26,163,706	52,676,527	56,837,973	7.9%	61,100,821	7.5%	65,683,383
Grants: Free Basic Electricity	221,693,686	222,212,244	264,944,486	19.2%	287,464,767	8.5%	311,899,272
Eskom Supplied Area	92,211,722	136,486,999	147,405,959	8.0%	159,935,466	8.5%	173,529,981
Tankering of Water	17,180,000	20,872,442	22,124,788	6.0%	23,452,276	6.0%	24,859,412
Grants: Refuse Removal	129,592,307	127,369,120	170,680,703	34.0%	183,481,756	7.5%	199,077,705
Refuse Removal: Informal Settlements	8,097,310	15,000,000	20,000,000	33.3%	21,700,000	8.5%	23,544,500
Grants: Sanitation 3Kl	28,305,252	36,259,991	46,851,968	29.2%	51,068,645	9.0%	55,664,823
Grants: Water 3Kl	38,895,341	50,166,328	67,167,601	33.9%	73,884,361	10.0%	81,272,797
chemical toilets funded by own revenue	-	402,802,583	444,195,000	10.3%	468,625,725	5.5%	494,400,140
Water Excess Consumption	290,768,153	525,525,325	650,717,961	23.8%	715,789,759	10.0%	787,368,736
TOTAL GRANTS: INDIGENTS	535,975,618	1,011,169,707	1,183,370,505	17.0%	1,269,612,996	7.3%	1,364,248,630
TOTAL: FREE BASIC SERVICES AND GRANTS	2,367,449,697	3,378,985,372	3,559,466,329	5.3%	3,855,598,650	8.3%	4,178,987,382
DISCRETIONARY GRANTS: SOCIAL SUPPORT	96,170,269	100,000,000	100,000,000	0.0%	100,000,000	0.0%	100,000,000
INDIGENT BURIALS	2,514,094	2,402,090	711,229	-70.4%	749,635	5.4%	790,865
SUBSIDY: SPCA	3,022,750	3,368,675	2,896,943	-14.0%	3,041,790	5.0%	3,193,880
GRANTS: EDUCATION (EXTERNAL)	77,581,989	95,571,756	100,000,000	4.6%	100,000,000	0.0%	100,000,000
GRANTS: INDIGENT MANAGEMENT	4,900,000	5,863,961	5,599,276	-4.5%	5,901,637	5.4%	6,226,227
TOTAL OTHER GRANTS	179,289,102	201,342,521	203,608,172	1.1%	203,791,425	0.1%	203,984,745
GRAND TOTAL	2,551,638,799	3,586,191,854	3,768,673,777	5.1%	4,065,291,712	7.9%	4,389,198,354

The total cost of FBS and grants and subsidies as budgeted in 2018/19 amounts to R3.7 billion.

Cognisance must be taken that in addition to the above recognised costs, there are some other grants not recorded as expenditure line items, such as:

- Electricity supply to all Tariff A users is heavily subsidised and sold below cost to residents. The cost to subsidise the tariff is not included in the above table.
- The provision of chemical toilets to informal settlements funded by USDG is not included. The table above includes the chemical toilets funded from the City's own revenue.
- The Council's Indigent Policy prescribes various concessions to registered indigents on sundry services, such as cemetery fees, use of halls and community centres, ambulance and emergency fees, etc.

Further detail relating to FBS, the cost of FBS, revenue lost owing to FBS and basic service delivery measurement is contained in Table 31 MBBR A10 (Basic Service Delivery Measurement) on page 84.

1.6 Capital expenditure

The Capital Investment Framework (CIF) is a legislative requirement of the Municipal Systems Act, as per Section 4(e) of the Municipal Planning and Performance Management Regulations, 2001; and fulfils the function of a Capital Expenditure Framework as required in terms of Section 21(n) of the Spatial Planning and Land Use Management Act, 2013. The CIF is a component of the council approved Built Environment Performance Plan (BEPP) and incorporates elements from the Growth and Development Strategy (GDS), Integrated Development Plan (IDP), and the City Spatial Development Framework (CSDF). The function of the CIF is to spatially and strategically influence, guide and prioritize the allocation of the municipal capital budget in a coordinated manner across all sectors.

The objectives of the CIF are implemented through institutionalization of the Capital Prioritisation Model (CPM). The Capital Prioritisation Model is a tool which provides a way to sort a diverse set of items / projects into an order of importance. It also identifies their relative importance by deriving a numerical value for the priority of each item / project. The model provides a means for ranking projects (or project requests) based on criteria that are the most important to focus on first in terms of meeting the city's overarching developmental objectives and strategies. This also assists in promoting coordinated and aligned departmental planning and budgeting. Project prioritisation can therefore be described as a process for assessing a project against a number of variables such as, economic, social, environmental, legislative and financial variables, in order to determine a capital project's alignment with or contribution to such variables. It provides for a systematic and objective assessment of an ongoing or completed project. The CPM Manual identified a three-tier approach to project prioritisation for the budget evaluation process and this includes capital budget evaluation.

The budget evaluation process is informed by the strategic priorities emanating from the IDP process, Mayoral Lekgotla and manifesto as documented by the Strategy & Corporate Planning Department. The process was also informed by the Ekurhuleni Growth and Development Strategy 2055 imperatives as follows:

- Re-industrialize in order to achieve job creating economic growth;
- Re-urbanise in order to achieve sustainable urban integration;
- Re-generate in order to achieve environmental well-being;
- Re-mobilise in order to achieve social empowerment;
- Re-govern in order to achieve effective cooperative governance

The Capital Budget will be funded as follows:

- ▶ **USDG grant** to be based on Housing Department's integrated planning and funding strategy and in compliance with the USDG framework;
- ▶ **Other grant** funding to be used to fund social projects that will not necessarily generate revenue;
- ▶ **External Loans** to be used to fund economic infrastructure that will stimulate economic growth and job creation;
- ▶ **Cash** generated from revenue will be used to fund movable assets;

The capital programme is aligned to asset renewal needs and backlog eradication goals and 43.55% of the total capital amount will be utilised for asset renewals. Operational gains and efficiencies will be directed to funding the Capital Budget. Strict adherence to the principle of no project plans no budget, if there is no business plan, no funding allocation can be made.

Projects already approved and already commenced with that have to be completed during the 2018/19 to 2020/21 financial period were allocated funding as per the approved MTREF.

Projects previously approved in the 2017/18 to 2019/20 MTREF but not yet planned nor commenced with, were subjected to departmental project prioritisation taking changed priorities and service delivery pressures into account.

Projects were subjected to project prioritisation based on a capital prioritisation model that is informed by the Capital Investment Framework to be used in 2018/19 financial year (and beyond) budget preparation. The various categories in the project prioritisation model carry the following budget requests:

Economic development	– R 1,592,232,525 (23.06%)
Upgrading and renewal	– R 3,006,533,021 (43.55%)
Urban restructuring	– R 2,305,447,064 (33.39%)

The National Treasury has set a benchmark of 39% - 40% of the Capital Budget to be spent on renewal projects and this was taken into account. This budget allocates 43.55% for asset renewals.

Impact of proposed projects on the operational budgets of future years was evaluated. It is not sustainable to construct facilities where there are not sufficient operating funds available to operationalise the facilities.

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 20 2018/19 Medium-term Capital Budget per vote–

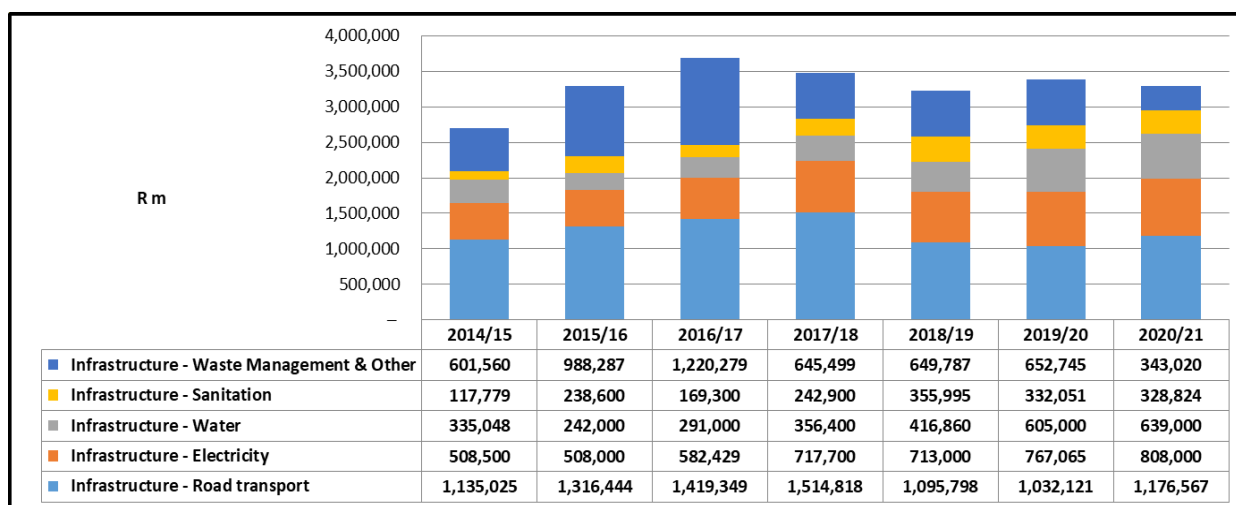
2018/19 - 2020/21 MULTI YEAR CAPITAL BUDGET - PER DEPARTMENT								
	Adjusted Budget 2017/18	%	Budget Year 2018/19	%	Budget Year 2019/20	%	Budget Year 2020/21	%
Chief Operating Officer	112,200,000	1.68%	112,200,000	1.63%	112,200,000	1.57%	112,040,000	1.59%
City Manager	180,000	0.00%	20,000	0.00%	20,000	0.00%	20,000	0.00%
City Planning	45,142,674	0.68%	3,050,000	0.04%	3,050,000	0.04%	3,050,000	0.04%
Communication and Brand Management	750,000	0.01%	950,000	0.01%	900,000	0.01%	900,000	0.01%
Corporate Legal Services	2,650,000	0.04%	500,000	0.01%	500,000	0.01%	500,000	0.01%
Council General	513,727,773	7.70%	561,084,525	8.13%	614,127,125	8.61%	698,698,077	9.90%
Customer Relations Management	32,000,000	0.48%	4,150,000	0.06%	5,500,000	0.08%	15,000,000	0.21%
Disaster & Emergency Management Services	194,470,000	2.91%	167,140,000	2.42%	147,730,000	2.07%	162,980,000	2.31%
Economic Development	145,100,000	2.17%	186,200,000	2.70%	175,300,000	2.46%	169,780,092	2.41%
EMPD	162,300,000	2.43%	170,100,000	2.46%	108,600,000	1.52%	144,800,000	2.05%
Energy	717,700,000	10.75%	736,700,000	10.67%	795,765,000	11.16%	836,700,000	11.86%
Environmental Resources Management	180,200,000	2.70%	304,150,000	4.41%	320,900,000	4.50%	290,050,000	4.11%
EPMO	530,000	0.01%	200,000	0.00%	200,000	0.00%	200,000	0.00%
Executive Office	7,550,000	0.11%	3,500,000	0.05%	4,300,000	0.06%	3,700,000	0.05%
Finance	2,087,400	0.03%	34,600,000	0.50%	10,680,000	0.15%	12,600,000	0.18%
Fleet Management	13,428,013	0.20%	6,617,200	0.10%	12,119,000	0.17%	20,284,000	0.29%
Health & Social Development	91,989,735	1.38%	42,275,000	0.61%	111,050,000	1.56%	135,800,000	1.92%
Human Resources Management & Development	1,500,000	0.02%	1,700,000	0.02%	1,400,000	0.02%	1,800,000	0.03%
Human Settlements	984,879,577	14.76%	1,213,942,175	17.58%	1,371,610,361	19.23%	1,235,290,093	17.50%
ICT	609,548,848	9.13%	565,606,971	8.19%	629,846,768	8.83%	265,118,268	3.76%
Internal Audit	440,000	0.01%	450,000	0.01%	-	0.00%	553,000	0.01%
Legislature	6,444,500	0.10%	5,979,850	0.09%	6,492,835	0.09%	7,423,835	0.11%
Real Estate	208,005,862	3.12%	199,820,000	2.89%	113,340,000	1.59%	128,080,000	1.81%
Risk Management	310,000	0.00%	310,000	0.00%	310,000	0.00%	310,000	0.00%
Roads and Stormwater	717,800,004	10.75%	695,950,000	10.08%	689,050,000	9.66%	751,050,500	10.64%
SRAC	128,989,940	1.93%	113,800,000	1.65%	134,900,000	1.89%	151,820,000	2.15%
Strategy & Corporate Planning	560,000	0.01%	565,000	0.01%	570,000	0.01%	648,271	0.01%
Transport	715,918,000	10.73%	727,398,000	10.54%	657,621,000	9.22%	740,316,000	10.49%
Waste Management	166,250,000	2.49%	165,500,000	2.40%	115,900,000	1.63%	134,500,000	1.91%
Water & Sanitation	599,300,000	8.98%	744,250,000	10.78%	861,500,000	12.08%	906,000,000	12.84%
ERWAT	309,259,071	4.63%	121,804,889	1.76%	124,051,055	1.74%	125,824,292	1.78%
EHC	1,895,000	0.03%	8,549,000	0.12%	1,112,160	0.02%	1,178,890	0.02%
BBC	1,550,000	0.02%	5,150,000	0.07%	350,000	0.00%	500,000	0.01%
Total	6,674,656,397	100%	6,904,212,610	100%	7,130,995,304	100%	7,057,515,318	100%

For 2018/19 an amount of R3.231 billion has been appropriated for the development of infrastructure which represents 46.80% of the total Capital Budget. In the outer years, this amount totals R3.389 billion, 47.52% and R3.295 billion, 46.69% respectively for each of the financial years. Infrastructure development relates to roads and stormwater, electricity, water and waste water management, and waste management. According to National Treasury, Housing has now been classified as Investment Properties and Transport as Transport Assets and not Infrastructure.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 27 MBRR A9 (Asset Management) of Annexure B. In addition to the MBRR Table A9, MBRR Tables SA34a,b,c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

The following graph provides a breakdown of the Capital Budget to be spent on infrastructure-related projects over the MTREF.

Figure 2 Capital Infrastructure Programme



1.7 Annual Budget Tables - Consolidated

The following pages in this section presents the 10 main budget tables as required in terms of Section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by Council. Each table is accompanied by explanatory notes on the facing page.

Table 21 MBRR Table A1 - Budget Summary

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	3,693,387	3,946,659	4,053,558	5,066,264	5,210,905	5,210,905	5,210,905	5,615,665	6,102,838	6,632,159
Service charges	16,304,459	17,130,455	18,746,400	19,331,647	19,214,336	19,214,336	19,214,336	20,786,191	22,689,390	24,769,178
Investment revenue	519,167	632,624	536,303	399,176	399,176	399,176	399,176	422,568	443,474	465,635
Transfers recognised - operational	3,882,315	4,464,972	5,047,640	5,486,348	5,647,866	5,647,866	5,647,866	6,014,349	6,362,339	6,832,838
Other own revenue	1,173,701	1,326,391	1,207,861	2,352,180	2,280,488	2,280,488	2,280,488	2,478,884	2,656,205	2,834,610
Total Revenue (excluding capital transfers and contributions)	25,573,029	27,501,101	29,591,762	32,635,615	32,752,771	32,752,771	32,752,771	35,317,657	38,254,245	41,534,420
Employee costs	5,587,350	6,338,421	6,051,006	8,053,523	7,956,609	7,956,609	7,956,609	8,708,334	9,513,498	10,412,194
Remuneration of councillors	99,977	105,696	119,944	130,316	133,816	133,816	133,816	151,062	160,881	171,338
Depreciation & asset impairment	2,057,381	2,144,071	2,013,797	2,076,706	2,076,706	2,076,706	2,076,706	2,385,339	2,563,873	2,753,842
Finance charges	571,556	848,639	901,847	801,404	665,462	665,462	665,462	992,048	1,076,811	1,156,190
Materials and bulk purchases	11,546,889	13,323,007	14,408,224	14,269,430	14,303,921	14,303,921	14,303,921	15,426,095	17,030,704	18,694,804
Transfers and grants	1,167,559	1,096,477	1,206,630	484,724	815,932	815,932	815,932	897,027	804,004	845,457
Other expenditure	4,362,364	3,820,536	5,426,801	6,768,725	6,749,537	6,749,537	6,749,537	6,696,602	7,101,774	7,498,111
Total Expenditure	25,393,075	27,676,848	30,128,249	32,584,827	32,701,983	32,701,983	32,701,983	35,256,508	38,251,545	41,531,936
Surplus/(Deficit)	179,954	(175,747)	(536,487)	50,788	50,788	50,788	50,788	61,149	2,701	2,484
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1,877,868	2,147,158	1,788,457	2,303,664	2,286,124	2,286,124	2,286,124	2,259,169	2,281,917	2,436,116
Contributions recognised - capital & contributed assets	–	–	–	378	378	378	378	–	–	–
	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,320,318	2,284,618	2,438,600
Surplus/(Deficit) after capital transfers & contributions										
Surplus/(Deficit) for the year	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,320,318	2,284,618	2,438,600

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure & funds sources										
Capital expenditure	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,289,078	6,904,213	7,130,995	7,057,515
Transfers recognised - capital	1,647,442	2,146,263	1,788,457	2,359,664	2,287,550	2,173,172	2,173,172	2,251,669	2,281,917	2,436,116
Public contributions & donations	1,700	–	–	–	–	–	–	–	–	–
Borrowing	971,607	–	1,300,000	3,434,508	3,359,297	3,191,332	3,191,332	3,590,944	3,816,222	3,549,889
Internally generated funds	448,415	1,947,602	1,613,578	921,783	973,235	924,574	924,574	1,061,600	1,032,856	1,071,511
Total sources of capital funds	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,289,078	6,904,213	7,130,995	7,057,515
Financial position										
Total current assets	13,324,231	14,615,895	12,158,527	14,422,973	18,688,619	15,332,898	15,332,898	18,071,224	22,600,350	22,781,592
Total non current assets	47,252,745	48,832,355	51,586,260	55,301,654	57,535,961	57,503,898	57,503,898	63,835,536	65,693,459	69,111,531
Total current liabilities	7,353,457	8,600,478	8,527,819	8,988,710	9,126,489	7,826,489	7,826,489	12,133,564	12,752,210	15,112,851
Total non current liabilities	8,311,132	8,524,801	7,642,029	11,826,364	13,024,683	12,207,157	12,207,157	15,180,901	18,590,412	20,097,101
Community wealth/Equity	44,912,387	46,322,970	47,574,940	48,909,553	54,073,408	52,803,149	52,803,149	54,592,295	56,951,186	56,683,171
Cash flows										
Net cash from (used) operating	4,529,589	4,860,358	3,075,219	4,725,613	7,134,476	7,134,476	7,134,476	6,700,603	4,309,583	4,925,927
Net cash from (used) investing	(3,284,829)	(4,281,597)	(4,930,426)	(6,219,561)	(7,059,857)	(7,059,857)	(7,059,857)	(6,542,143)	(5,090,906)	(6,638,435)
Net cash from (used) financing	562,075	(307,551)	(307,426)	2,569,317	2,867,728	2,867,728	2,867,728	3,425,791	3,637,521	3,387,184
Cash/cash equivalents at the year end	7,701,376	7,972,586	5,809,954	9,364,213	13,408,064	10,052,343	10,052,343	9,394,204	12,250,402	13,925,078
Cash backing/surplus reconciliation										
Cash and investments available	8,698,950	9,215,438	7,279,881	12,168,080	16,239,703	12,883,981	12,883,981	16,623,028	19,490,138	19,709,200
Application of cash and investments	4,045,967	3,711,799	3,833,055	5,124,753	4,711,825	3,443,028	3,443,028	5,083,103	6,081,990	6,660,076
Balance - surplus (shortfall)	4,652,983	5,503,638	3,446,826	7,043,327	11,527,878	9,440,953	9,440,953	11,539,925	13,408,148	13,049,124
Asset management										
Asset register summary (WDV)	47,706,374	50,227,062	52,662,205	54,827,574	54,827,574	54,827,574		60,966,202	64,436,204	67,728,785
Depreciation	2,057,381	2,144,071	2,013,797	2,076,706	2,076,706	2,076,706		2,385,339	2,563,873	2,753,842
Renewal of Existing Assets	1,263,430	1,928,851	2,240,835	3,307,682	3,196,060	3,196,060		4,987,394	5,662,535	5,792,240
Repairs and Maintenance	1,328,381	1,660,851	2,005,713	2,211,399	2,125,519	2,125,519		2,416,166	2,602,762	2,804,374

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Free services										
Cost of Free Basic Services provided	600,287	2,067,504	2,589,856	2,679,412	2,679,412	2,679,412	3,190,981	3,190,981	3,521,831	3,559,431
Revenue cost of free services provided	1,293,374	1,714,127	1,821,559	1,994,181	2,033,052	2,033,052	1,905,106	1,905,106	2,081,653	2,272,380
Households below minimum service level										
Water:	11	11	11	11	11	11	11	11	11	11
Sanitation/sewerage:	35	35	35	35	35	35	35	35	35	35
Energy:	27	27	27	10	10	10	10	10	10	10
Refuse:	165	165	165	164	165	165	165	165	165	165

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City of Ekurhuleni's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council from operating performance and resources deployed to capital expenditure, financial position, cash and funding compliance, and the City of Ekurhuleni's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of funding for the municipal budget. This requires the simultaneous assessment of the financial performance, financial position and cash flow budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after total expenditure) is positive over the MTREF.
 - b. Capital expenditure is balanced by capital funding sources, of which:
 - i. Transfers recognised are reflected on the Financial Performance Budget.
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget.
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The cash-backing/surplus reconciliation shows that in previous financial years the liquidity position of the municipality was placed under pressure and consequently many of its obligations were not cash-backed. This placed the municipality in a very vulnerable financial position. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. The cash position of the Council improved over the last year and it is anticipated that the goal of having all obligations cash-back was achieved prior to the current MTREF year, when surpluses are reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of FBS shows that the amount spent on FBS and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 22 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by function classification)

EKU Ekurhuleni Metro - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)									
Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
<i>Governance and administration</i>	6,548,796	7,018,104	7,184,466	8,111,733	8,209,882	8,209,882	8,851,664	9,517,999	10,242,277
Executive and council	612	1,562	1,344	–	–	–	–	–	–
Finance and administration	6,547,569	7,016,344	7,182,294	8,111,733	8,209,882	8,209,882	8,851,664	9,517,999	10,242,277
Internal audit	615	198	828	–	–	–	–	–	–
<i>Community and public safety</i>	532,186	877,435	1,074,631	1,630,966	1,610,365	1,610,365	1,675,673	1,693,266	1,676,627
Community and social services	33,419	31,219	36,791	205,910	206,503	206,503	215,642	227,677	230,451
Sport and recreation	29,936	30,694	22,490	15,904	15,994	15,994	15,699	16,349	16,717
Public safety	3,844	2,974	1,700	8,130	8,130	8,130	8,536	8,963	9,411
Housing	278,344	581,065	812,838	1,246,344	1,224,652	1,224,652	1,262,022	1,256,790	1,235,316
Health	186,643	231,483	200,810	154,679	155,086	155,086	173,773	183,486	184,731
<i>Economic and environmental services</i>	935,202	1,235,254	894,535	1,217,361	1,273,925	1,273,925	1,205,020	1,174,589	1,244,283
Planning and development	119,216	88,136	53,975	86,842	129,130	129,130	69,664	46,840	49,182
Road transport	815,610	1,131,550	840,530	1,130,388	1,144,648	1,144,648	1,135,218	1,127,604	1,194,950
Environmental protection	376	15,569	30	131	147	147	138	144	152
<i>Trading services</i>	19,157,577	20,260,444	21,970,566	23,636,298	23,601,803	23,601,803	25,481,132	27,765,418	30,399,622
Energy sources	12,144,306	12,799,857	13,814,230	13,987,106	13,962,931	13,962,931	14,689,418	15,873,007	17,286,687
Water management	4,577,129	5,021,194	5,204,690	5,530,881	5,520,560	5,520,560	6,224,242	6,901,293	7,665,873
Waste water management	1,005,144	1,057,132	1,112,771	2,259,452	2,259,452	2,259,452	2,619,350	2,874,212	3,144,346
Waste management	1,430,998	1,382,261	1,838,876	1,858,860	1,858,860	1,858,860	1,948,122	2,116,907	2,302,716
<i>Other</i>	277,136	257,022	256,021	343,298	343,298	343,298	363,337	384,891	407,727
Total Revenue - Functional	27,450,897	29,648,259	31,380,219	34,939,657	35,039,272	35,039,272	37,576,825	40,536,163	43,970,536

EKU Ekurhuleni Metro - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)									
Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure - Functional									
<i>Governance and administration</i>	2,995,254	3,314,846	2,160,069	4,395,476	4,502,407	4,502,407	4,997,849	5,367,324	5,783,107
Executive and council	513,475	647,638	683,447	540,428	551,931	551,931	516,755	554,108	593,099
Finance and administration	2,112,639	2,383,668	1,114,165	3,792,117	3,887,550	3,887,550	4,416,701	4,743,535	5,114,475
Internal audit	369,139	283,540	362,457	62,931	62,927	62,927	64,393	69,682	75,533
<i>Community and public safety</i>	3,146,127	3,179,407	3,367,974	3,945,334	3,852,699	3,852,699	3,799,198	3,973,310	4,306,231
Community and social services	290,248	286,904	410,040	702,428	667,831	667,831	732,304	796,516	866,524
Sport and recreation	857,786	860,004	904,770	1,010,399	995,471	995,471	950,588	1,031,704	1,119,647
Public safety	412,273	379,419	223,814	40,238	36,767	36,767	37,919	40,352	42,991
Housing	486,935	510,969	556,533	762,620	787,024	787,024	652,253	547,778	577,894
Health	1,098,885	1,142,112	1,272,818	1,429,649	1,365,606	1,365,606	1,426,133	1,556,959	1,699,174
<i>Economic and environmental services</i>	2,688,719	3,233,648	3,592,028	4,309,549	4,331,888	4,331,888	4,905,092	5,203,601	5,583,525
Planning and development	367,549	411,355	545,430	614,953	677,491	677,491	764,514	787,686	839,193
Road transport	2,255,282	2,746,632	2,949,545	3,612,127	3,570,623	3,570,623	4,048,013	4,315,090	4,633,973
Environmental protection	65,889	75,661	97,053	82,470	83,773	83,773	92,565	100,825	110,359
<i>Trading services</i>	16,360,246	17,731,329	20,804,114	19,672,888	19,769,012	19,769,012	21,364,448	23,434,442	25,561,091
Energy sources	11,244,541	11,780,257	14,348,856	12,151,702	12,106,115	12,106,115	12,993,486	14,226,805	15,468,845
Water management	3,426,110	4,022,628	4,663,467	5,328,622	5,573,433	5,573,433	6,174,295	6,824,943	7,529,421
Waste water management	516,682	633,113	595,423	920,395	919,048	919,048	1,030,021	1,129,872	1,229,445
Waste management	1,172,913	1,295,331	1,196,367	1,272,169	1,170,416	1,170,416	1,166,645	1,252,822	1,333,379
<i>Other</i>	202,729	217,618	204,065	261,580	245,976	245,976	249,909	272,867	297,983
Total Expenditure - Functional	25,393,075	27,676,848	30,128,249	32,584,827	32,701,983	32,701,983	35,316,496	38,251,545	41,531,936
Surplus/(Deficit) for the year	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that the Total Revenue in this table includes capital revenues (transfers recognised – capital) and so does not balance with the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for Trading Services should exceed expenditures. The table highlights that this is the case for electricity, water and waste water and the solid waste management (refuse removal) functions.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Corporate Services.

Table 23 MBRR Table A3 Consolidated – Budgeted Financial Performance (revenue and expenditure by municipal vote)

EKU Ekurhuleni Metro - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Revenue by Vote</u>									
Vote 1 - Executive and Council	–	–	–	6,215,877	6,314,232	6,314,232	6,760,239	7,326,359	7,909,331
Vote 2 - Finance and Corporate Services	6,577,490	7,039,113	7,467,422	2,529,775	2,529,976	2,529,976	2,757,220	2,895,943	3,059,939
Vote 3 - Energy	11,967,281	12,778,786	13,715,715	13,987,106	13,962,931	13,962,931	14,689,418	15,873,007	17,286,687
Vote 4 - Water and Sanitation	5,582,272	6,233,781	6,477,290	7,790,333	7,780,012	7,780,012	8,843,592	9,775,504	10,810,219
Vote 5 - Waste Management	1,430,998	1,447,413	1,694,152	1,859,476	1,859,476	1,859,476	1,948,862	2,117,684	2,303,532
Vote 6 - Human Settlements	278,344	497,331	716,872	1,291,540	1,269,849	1,269,849	1,301,118	1,297,841	1,278,419
Vote 7 - City Planning	81,543	65,156	31,754	30	42,318	42,318	32	33	35
Vote 8 - Economic Development	56,704	31,767	36,339	67,991	67,991	67,991	49,486	25,653	26,936
Vote 9 - Disaster and Emergency Management Services	185,596	55,630	73,748	15,549	15,549	15,549	16,326	17,143	18,000
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	34,775	(35,233)	(36,046)	17,593	18,276	18,276	17,493	18,483	19,182
Vote 11 - Health and Social Development	181,917	189,267	165,026	2,090	2,090	2,090	25,903	27,396	28,117
Vote 12 - Environmental Resource Management	261	(4,994)	(22,318)	31,851	31,867	31,867	31,857	33,450	35,122
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	107,231	65,760	145,715	156,337	131,337	131,337	130,184	136,694	143,528
Vote 14 - Transport Planning & Provisioning	764,452	900,663	746,346	809,243	809,243	809,243	852,614	854,949	901,647
Vote 15 - Roads and Stormwater	202,032	383,820	168,204	164,867	204,127	204,127	152,481	136,025	149,842
Total Revenue by Vote	27,450,897	29,648,259	31,380,219	34,939,657	35,039,272	35,039,272	37,576,825	40,536,163	43,970,536

EKU Ekurhuleni Metro - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure by Vote to be appropriated									
Vote 1 - Executive and Council	278,855	328,600	349,497	5,305,986	5,305,813	5,305,813	5,745,393	6,158,196	6,649,230
Vote 2 - Finance and Corporate Services	3,288,861	3,006,860	1,829,254	1,100,335	1,134,496	1,134,496	1,149,303	1,244,172	1,345,674
Vote 3 - Energy	11,244,541	11,774,155	14,316,223	12,151,702	12,106,115	12,106,115	12,993,486	14,226,805	15,468,845
Vote 4 - Water and Sanitation	3,935,822	4,647,317	5,242,947	6,231,211	6,474,727	6,474,727	7,189,241	7,938,767	8,741,761
Vote 5 - Waste Management	1,172,913	1,295,331	1,196,367	1,272,307	1,170,516	1,170,516	1,166,758	1,252,942	1,333,506
Vote 6 - Human Settlements	486,935	510,988	556,540	1,166,211	1,195,122	1,195,122	1,118,838	1,050,246	1,119,748
Vote 7 - City Planning	235,105	240,259	254,360	148,162	154,662	154,662	147,730	154,312	161,565
Vote 8 - Economic Development	143,043	172,372	295,838	123,673	178,184	178,184	220,379	238,787	259,076
Vote 9 - Disaster and Emergency Management Services	762,245	749,238	649,056	462,502	412,046	412,046	446,569	487,363	531,992
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	598,662	588,255	728,461	579,896	570,810	570,810	599,088	649,946	704,826
Vote 11 - Health and Social Development	746,324	779,400	879,978	241,595	242,799	242,799	296,083	322,060	349,529
Vote 12 - Environmental Resource Management	52,280	633,993	683,010	171,199	168,200	168,200	180,419	196,683	214,968
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	966,386	1,191,695	1,396,498	1,468,350	1,372,795	1,372,795	1,518,343	1,639,667	1,770,367
Vote 14 - Transport Planning & Provisioning	291,399	352,028	397,210	382,177	448,051	448,051	603,299	609,849	648,421
Vote 15 - Roads and Stormwater	1,189,704	1,406,357	1,353,010	1,779,521	1,767,648	1,767,648	1,941,568	2,081,751	2,232,427
Total Expenditure by Vote	25,393,075	27,676,848	30,128,249	32,584,827	32,701,983	32,701,983	35,316,496	38,251,545	41,531,936
Surplus/(Deficit) for the year	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the city. This means it is possible to present the vote's operating surplus or deficit. The following table is an analysis of the surplus or deficit for refuse removal, electricity and water (including sanitation) trading services.

Table 24 Surplus/ (deficit) calculations for trading services as per MBRR Table A3

Description	1415	1516	1617	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full year Forecast	Budget	Budget	Budget
							2018/19	2019/20	2020/21
Electricity									
Total Revenue (incl. capital grants and transfers)	11,967,281	12,778,786	13,715,715	13,987,106	13,962,931	13,962,931	14,689,418	15,873,007	17,286,687
Operating Expenditure	11,244,541	11,774,155	14,316,223	12,151,702	12,106,400	12,106,400	12,993,486	14,226,805	15,468,845
Surplus/ (Deficit) for the year	722,740	1,004,631	(600,508)	1,835,403	1,856,531	1,856,531	1,695,931	1,646,202	1,817,842
Percentage Surplus	6.04%	7.86%	-4.38%	13.12%	13.30%	13%	11.55%	10%	11%
Water									
Total Revenue (incl capital grants and transfers)	5,582,272	6,233,781	6,477,290	7,790,333	7,780,012	7,780,012	8,843,592	9,775,504	10,810,219
Operating Expenditure	3,935,822	4,647,317	5,242,947	6,231,211	6,474,727	6,474,727	7,189,241	7,938,767	8,741,761
Surplus/ (Deficit) for the year	1,646,450	1,586,464	1,234,342	1,559,122	1,305,285	1,305,285	1,654,352	1,836,737	2,068,458
Percentage Surplus	29.49%	25.45%	19.06%	20.01%	16.78%	17%	18.71%	19%	19%
Refuse									
Total Revenue (incl capital grants and transfers)	1,430,998	1,447,413	1,694,152	1,859,476	1,859,476	1,859,476	1,948,862	2,117,684	2,303,532
Operating Expenditure	1,172,913	1,295,331	1,196,367	1,272,307	1,170,906	1,170,906	1,166,758	1,252,942	1,333,506
Surplus/ (Deficit) for the year	258,085	152,082	497,784	587,169	688,570	688,570	782,104	864,742	970,026
Percentage Surplus	18%	11%	29%	32%	37%	37%	40%	41%	42%
Total for Trading Services									
Total Revenue (incl capital grants and transfers)	18,980,551	20,459,980	21,887,157	23,637	23,602	23,602	25,481,872	27,766,195	30,400,438
Operating Expenditure	16,353,276	17,716,803	20,755,537	19,655	19,752	19,752	21,349,485	23,418,513	25,544,112
Surplus/ (Deficit) for the year	2,627,275	2,743,178	1,131,619	3,982	3,850	3,850	4,132,387	4,347,682	4,856,326
Percentage Surplus	14%	13%	5%	17%	16%	16%	16%	16%	16%

The electricity trading surplus is increasing from R1.8 in 2017/18 to R2 billion over 2018/19 MTREF.

Due to improved efficiencies in the water and sanitation account the surplus is increasing from R1.3billion to R1.7billion over 2018/19 MTREF.

Waste Management reflects a surplus of R815 million in 2018/19. In the outer years, the surplus is R901 million and R1 billion respectively.

Table 25 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source										
Property rates	3,693,387	3,946,659	4,053,558	5,066,264	5,210,905	5,210,905	5,210,905	5,615,665	6,102,838	6,632,159
Service charges - electricity revenue	11,215,634	11,826,299	12,906,311	13,112,247	13,075,760	13,075,760	13,075,760	13,732,952	14,902,317	16,171,284
Service charges - water revenue	2,970,665	3,217,167	3,395,581	3,594,817	3,513,993	3,513,993	3,513,993	4,119,535	4,580,143	5,092,126
Service charges - sanitation revenue	1,005,144	1,054,668	1,109,672	1,344,228	1,344,228	1,344,228	1,344,228	1,594,808	1,754,269	1,929,676
Service charges - refuse revenue	1,040,979	961,447	1,273,529	1,280,355	1,280,355	1,280,355	1,280,355	1,338,897	1,452,661	1,576,092
Service charges - other	72,037	70,873	61,307	–	–	–	–	–	–	–
Rental of facilities and equipment	62,455	59,256	67,521	118,429	118,429	118,429	118,429	127,763	134,596	141,799
Interest earned - external investments	519,167	632,624	536,303	399,176	399,176	399,176	399,176	422,568	443,474	465,635
Interest earned - outstanding debtors	292,740	459,031	304,694	571,664	524,971	524,971	524,971	523,506	549,690	577,182
Dividends received	–	–	–	90	90	90	90	92	94	95
Fines, penalties and forfeits	313,355	319,360	346,153	164,257	139,257	139,257	139,257	138,197	145,107	152,363
Licences and permits	53,622	51,651	50,249	319,873	319,873	319,873	319,873	338,745	359,069	380,614
Agency services	257,983	276,375	282,219	–	–	–	–	–	–	–
Transfers and subsidies	3,882,315	4,464,972	5,047,640	5,486,348	5,647,866	5,647,866	5,647,866	6,014,349	6,362,339	6,832,838
Other revenue	193,547	160,717	157,024	1,177,867	1,177,867	1,177,867	1,177,867	1,350,581	1,467,648	1,582,558
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	25,573,029	27,501,101	29,591,762	32,635,615	32,752,771	32,752,771	32,752,771	35,317,657	38,254,245	41,534,420

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type										
Employee related costs	5,587,350	6,338,421	6,051,006	8,053,523	7,956,609	7,956,609	7,956,609	8,708,334	9,513,498	10,412,194
Remuneration of councillors	99,977	105,696	119,944	130,316	133,816	133,816	133,816	151,062	160,881	171,338
Debt impairment	2,211,425	1,434,058	2,609,579	1,549,864	1,332,553	1,332,553	1,332,553	1,453,081	1,569,722	1,695,138
Depreciation & asset impairment	2,057,381	2,144,071	2,013,797	2,076,706	2,076,706	2,076,706	2,076,706	2,385,339	2,563,873	2,753,842
Finance charges	571,556	848,639	901,847	801,404	665,462	665,462	665,462	992,048	1,076,811	1,156,190
Bulk purchases	10,218,508	11,662,156	12,402,511	12,221,456	12,321,455	12,321,455	12,321,455	13,479,345	14,929,414	16,427,410
Other materials	1,328,381	1,660,851	2,005,713	2,047,974	1,982,466	1,982,466	1,982,466	1,946,750	2,101,290	2,267,393
Contracted services	714,568	856,564	1,061,354	3,904,725	4,077,153	4,077,153	4,077,153	4,080,213	4,316,714	4,532,879
Transfers and subsidies	1,167,559	1,096,477	1,206,630	484,724	815,932	815,932	815,932	897,027	804,004	845,457
Other expenditure	1,428,532	1,529,914	1,763,820	1,299,135	1,324,831	1,324,831	1,324,831	1,148,730	1,200,031	1,254,021
Loss on disposal of PPE	7,838	–	(7,951)	15,000	15,000	15,000	15,000	14,578	15,307	16,073
Total Expenditure	25,393,075	27,676,848	30,128,249	32,584,827	32,701,983	32,701,983	32,701,983	35,256,508	38,251,545	41,531,936
Surplus/(Deficit)	179,954	(175,747)	(536,487)	50,788	50,788	50,788	50,788	61,149	2,701	2,484
allocations) (National / Provincial and District)	1,877,868	2,147,158	1,788,457	2,303,664	2,286,124	2,286,124	2,286,124	2,259,169	2,281,917	2,436,116
Surplus/(Deficit) after capital transfers & contributions	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,320,318	2,284,618	2,438,600
Surplus/(Deficit) after taxation	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600
Surplus/(Deficit) for the year	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600

Explanatory notes to MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Revenue generated from **rates and service charges** forms a significant percentage of the revenue basket for the city. Rates and service charge revenues comprise 74.7% of the total revenue mix. In the 2018/19 financial year, revenue from rates and service charges totalled R26.3 billion in the income budget. It increases to R28.7 billion and R31.3 billion in the respective outer years.

Details in this regard are contained in Table 96 MBRR Table SA1 - Supporting detail to budgeted financial performance on page 281.

Transfers and subsidies recognised amount to R6 billion or 17.2% of total income budget in the 2018/19 financial year and increases to R6.8 billion by 2020/21. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium-term.

Bulk purchases increases by R434 million from R13 billion to R13.4 billion between 2017/18 and 2018/19.

Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

The following graph illustrates the major expenditure items per type.

Figure 3 Expenditure by major type

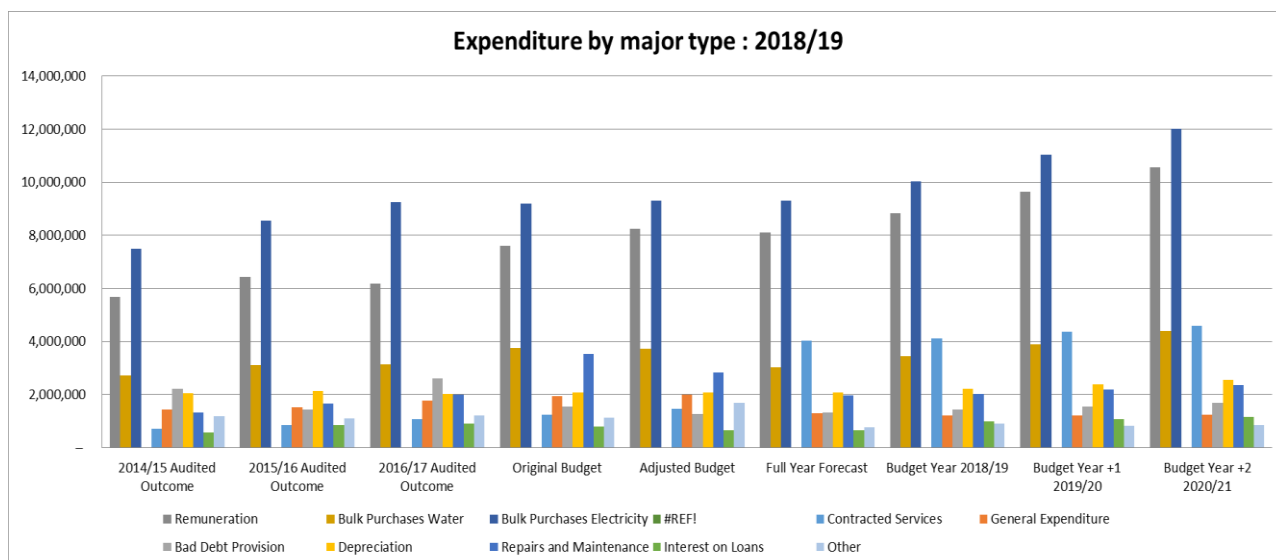


Table 26 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Executive and Council	–	–	–	7,340	7,340	6,973	6,973	–	–	–
Vote 2 - Finance and Corporate Services	385,015	547,317	951,422	1,393,917	1,390,568	1,321,040	1,321,040	1,395,312	1,457,956	1,184,902
Vote 3 - Energy	491,410	470,552	576,437	680,000	665,500	632,225	632,225	713,000	767,065	808,000
Vote 4 - Water and Sanitation	417,703	458,502	319,118	541,300	558,300	530,385	530,385	840,355	957,051	1,002,824
Vote 5 - Waste Management	29,563	91,263	82,912	120,950	100,250	95,238	95,238	127,600	72,400	94,000
Vote 6 - Human Settlements	100,072	422,671	658,389	991,156	964,755	916,517	916,517	1,220,742	1,370,131	1,234,450
Vote 7 - City Planning	–	–	–	–	32,328	30,712	30,712	–	–	–
Vote 8 - Economic Development	55,220	52,570	143,187	137,000	137,000	130,150	130,150	169,900	163,000	157,780
Vote 9 - Disaster and Emergency Management Services	48,142	65,069	101,416	101,400	84,500	80,275	80,275	86,200	70,000	71,500
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	69,535	157,886	105,564	90,000	93,940	89,243	89,243	78,800	115,900	134,320
Vote 11 - Health and Social Development	77,712	99,392	58,277	58,500	65,788	62,499	62,499	19,400	83,600	101,800
Vote 12 - Environmental Resource Management	7,399	70,014	53,754	29,500	34,400	32,680	32,680	277,250	293,300	256,250
Vote 13 - Ekurhuleni Metropolitan Police Department (EN)	33,962	19,533	40,450	66,500	79,800	75,810	75,810	110,600	52,600	84,800
Vote 14 - Transport Planning & Provisioning	478,859	613,850	513,905	811,718	697,118	662,262	662,262	672,098	601,021	684,216
Vote 15 - Roads and Stormwater	349,303	611,039	572,447	667,600	667,600	634,220	634,220	680,750	674,800	731,051
Capital multi-year expenditure sub-total	2,543,894	3,679,659	4,177,276	5,696,881	5,579,188	5,300,228	5,300,228	6,392,008	6,678,824	6,545,893

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote										
Single-year expenditure to be appropriated										
Vote 1 - Executive and Council	4,924	6,018	17,078	16,375	14,175	13,466	13,466	9,500	10,813	11,144
Vote 2 - Finance and Corporate Services	101,236	60,042	75,834	89,451	102,799	97,659	97,659	93,441	43,737	71,830
Vote 3 - Energy	32,878	20,350	51,819	37,700	52,200	49,590	49,590	23,700	28,700	28,700
Vote 4 - Water and Sanitation	16,327	8,029	8,686	367,259	350,259	332,746	332,746	25,700	28,500	29,000
Vote 5 - Waste Management	46,156	37,571	42,774	45,500	66,000	62,700	62,700	37,900	43,500	40,500
Vote 6 - Human Settlements	78,533	2,125	1,377	10,370	10,370	9,852	9,852	1,749	2,591	2,019
Vote 7 - City Planning	2,578	2,981	3,587	2,900	2,900	2,755	2,755	3,050	3,050	3,050
Vote 8 - Economic Development	2,743	4,079	21,916	8,100	8,100	7,695	7,695	16,300	12,300	12,000
Vote 9 - Disaster and Emergency Management Services	42,733	47,878	88,999	110,370	109,970	104,472	104,472	80,940	77,730	91,480
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	20,778	31,375	15,219	42,900	35,050	33,298	33,298	35,000	19,000	17,500
Vote 11 - Health and Social Development	14,278	12,827	23,513	32,650	26,202	24,892	24,892	22,875	27,450	34,000
Vote 12 - Environmental Resource Management	951	62,045	88,073	137,500	145,800	138,510	138,510	26,900	27,600	33,800
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	98,299	57,040	54,768	82,500	82,500	78,375	78,375	59,500	56,000	60,000
Vote 14 - Transport Planning & Provisioning	44,432	39,848	5,168	19,300	18,370	17,452	17,452	60,450	56,950	56,600
Vote 15 - Roads and Stormwater	18,425	21,997	25,948	16,200	16,200	15,390	15,390	15,200	14,250	20,000
Capital single-year expenditure sub-total	525,270	414,206	524,759	1,019,075	1,040,895	988,850	988,850	512,205	452,171	511,622
Total Capital Expenditure - Vote	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,289,078	6,904,213	7,130,995	7,057,515

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional										
<i>Governance and administration</i>	414,329	613,377	1,044,335	1,499,742	1,511,912	1,436,317	1,436,317	1,498,254	1,512,506	1,267,875
Executive and council	5,565	11,528	407,217	679,595	641,352	609,285	609,285	683,659	738,020	822,840
Finance and administration	408,764	601,849	206,949	819,708	870,120	826,614	826,614	814,144	774,486	444,482
Internal audit	–	–	430,168	440	440	418	418	450	–	553
<i>Community and public safety</i>	660,890	1,038,179	1,277,676	1,742,146	1,716,785	1,630,946	1,630,946	1,968,656	2,120,603	2,024,669
Community and social services	125,012	236,509	191,742	207,700	212,550	201,923	201,923	278,650	254,100	202,800
Sport and recreation	42,147	75,135	58,746	81,000	80,350	76,333	76,333	88,000	126,400	141,820
Public safety	223,136	189,520	285,633	360,770	356,770	338,932	338,932	337,240	256,330	307,780
Housing	178,604	424,796	659,765	1,001,526	975,125	926,369	926,369	1,222,491	1,372,723	1,236,469
Health	91,990	112,219	81,790	91,150	91,990	87,390	87,390	42,275	111,050	135,800
<i>Economic and environmental services</i>	945,620	1,338,699	1,270,333	1,638,018	1,555,536	1,477,759	1,477,759	1,669,048	1,600,671	1,761,947
Planning and development	46,252	42,286	140,743	112,000	144,328	137,112	137,112	189,250	178,350	172,830
Road transport	891,019	1,286,735	1,117,468	1,514,818	1,400,008	1,330,008	1,330,008	1,428,498	1,347,021	1,491,867
Environmental protection	8,350	9,677	12,122	11,200	11,200	10,640	10,640	51,300	75,300	97,250
<i>Trading services</i>	1,034,037	1,086,267	1,081,745	1,792,709	1,792,509	1,702,884	1,702,884	1,768,255	1,897,216	2,003,024
Energy sources	524,288	490,902	628,256	717,700	717,700	681,815	681,815	736,700	795,765	836,700
Water management	353,191	293,306	223,472	356,400	386,600	367,270	367,270	481,870	636,000	670,000
Waste water management	80,838	173,225	104,331	552,159	521,959	495,861	495,861	384,185	349,551	361,824
Waste management	75,719	128,834	125,686	166,450	166,250	157,938	157,938	165,500	115,900	134,500
<i>Other</i>	14,288	17,344	27,946	43,340	43,340	41,173	41,173	–	–	–
Total Capital Expenditure - Functional	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,289,078	6,904,213	7,130,995	7,057,515

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funded by:										
National Government	1,642,429	2,118,921	1,757,650	2,294,664	2,222,460	2,111,337	2,111,337	2,242,969	2,272,917	2,427,116
Provincial Government	5,012	27,342	30,807	15,000	15,090	14,335	14,335	8,700	9,000	9,000
District Municipality			–		–	–	–	–	–	–
Other transfers and grants	–	–	–	50,000	50,000	47,500	47,500	–	–	–
Transfers recognised - capital	1,647,442	2,146,263	1,788,457	2,359,664	2,287,550	2,173,172	2,173,172	2,251,669	2,281,917	2,436,116
Public contributions & donations	1,700	–	–		–	–	–			
Borrowing	971,607	–	1,300,000	3,434,508	3,359,297	3,191,332	3,191,332	3,590,944	3,816,222	3,549,889
Internally generated funds	448,415	1,947,602	1,613,578	921,783	973,235	924,574	924,574	1,061,600	1,032,856	1,071,511
Total Capital Funding	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,289,078	6,904,213	7,130,995	7,057,515

Explanatory notes to MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the Capital Budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year Capital Budget appropriations. In relation to multi-year appropriations for 2018/19, R6.392 billion has been allocated of the R6.904 billion Capital Budget, which totals 93%. This allocation escalates to R6.679 billion in 2019/20 and reduces to R6.546 billion in 2020/21.
3. Single-year capital expenditure has been appropriated at R512.2 million for the 2018/19 financial year and remains relatively constant over the MTREF at levels of R452.1 million and R511.6 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the city. For funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. In terms of Circular 58, any downward adjustments for 2018/19 (relating to the multi-year appropriation for 2018/19) in the 2017/18 budget must be explained. The following votes had downward adjustments:
 - **City Planning** – The NDPG Funded projects were transferred to Human Settlements.
 - **Disaster & Emergency Management Services** – Ambulances previously allocated funding are an unfunded mandate and should be funded from Province.
 - **Health & Social Development** – Delays with the construction of 6 clinics namely; Geluksdal, Kempton Park, Esselen Park, Lindelani, Duduza and Tswelopele/ Winnie Mandela
 - **Transport** – The PTNG funds both capex and opex, a bigger portion of opex is required for operations hence a reduction on capex.
 - **Water & Sanitation** – Projects have been aligned to the stage gate model in terms of readiness to implement.
6. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2018/19, capital grants and transfers totals R2.252 billion (32.61%) and increases to R2.282 billion by 2019/20 (32.00%) and R2.436 billion (34.52%) in 2020/21. A substantial portion of the Capital Budget will be funded from borrowing over MTREF, with anticipated borrowings of R3.591 billion in 2018/19. Borrowing is estimated at R3.816 billion in 2019/20 and R3.550 billion in the 2020/21 financial years. The balance will be funded from internally generated funding totalling R1.062 billion in 2018/19, R1.033 billion in 2019/20 and R1.072 billion in the 2020/21 financial years. These funding sources are further discussed in detail in 2.6 (overview of budget funding).

Table 27 MBRR Table A6 - Budgeted Financial Position

EKU Ekurhuleni Metro - Table A6 Budgeted Financial Position										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS										
Current assets										
Cash	7,701,376	7,972,586	5,809,954	9,364,213	13,408,064	10,052,343	10,052,343	13,636,594	16,492,791	18,167,468
Call investment deposits	115,978	147,021	116,917	143,070	160,289	160,289	160,289	126,270	1,750,741	170,465
Consumer debtors	4,386,818	5,256,387	4,778,588	4,257,825	4,375,753	4,375,753	4,375,753	3,510,796	3,495,540	3,518,591
Other debtors	753,123	884,983	925,361	486,351	572,999	572,999	572,999	579,675	628,947	676,118
Current portion of long-term receivables								–	–	–
Inventory	366,936	354,918	527,708	171,514	171,514	171,514	171,514	217,889	232,331	248,950
Total current assets	13,324,231	14,615,895	12,158,527	14,422,973	18,688,619	15,332,898	15,332,898	18,071,224	22,600,350	22,781,592
Non current assets										
Long-term receivables	4,974	6,891	3,124	4,974	37,038	4,974	4,974	4,726	4,962	4,714
Investments	881,596	1,095,831	1,353,011	2,660,797	2,671,350	2,671,350	2,671,350	2,860,164	1,246,607	1,371,267
Investment property	571,282	499,316	524,734	174,321	226,403	226,403	226,403	230,415	230,415	230,415
Investment in Associate	0	0	0	0	0	0	0	0	0	0
Property, plant and equipment	45,605,179	47,097,355	49,287,779	52,295,108	54,419,163	54,419,163	54,419,163	60,192,678	63,549,120	67,134,702
Agricultural										
Biological										
Intangible	130,260	73,509	355,095	130,260	145,813	145,813	145,813	506,915	620,475	327,475
Other non-current assets	59,454	59,454	62,517	36,194	36,194	36,194	36,194	40,639	41,881	42,958
Total non current assets	47,252,745	48,832,355	51,586,260	55,301,654	57,535,961	57,503,898	57,503,898	63,835,536	65,693,459	69,111,531
TOTAL ASSETS	60,576,976	63,448,250	63,744,788	69,724,627	76,224,580	72,836,795	72,836,795	81,906,761	88,293,809	91,893,123

EKU Ekurhuleni Metro - Table A6 Budgeted Financial Position										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	368,432	384,807	402,710	316,839	346,429	346,429	346,429	420,173	343,366	1,965,911
Consumer deposits	713,699	750,847	807,026	711,051	715,761	715,761	715,761	780,561	840,681	900,681
Trade and other payables	5,898,455	7,061,017	6,840,712	7,479,039	7,547,367	6,247,367	6,247,367	6,677,517	7,011,393	7,361,962
Provisions	372,872	403,807	477,371	481,781	516,932	516,932	516,932	4,255,314	4,556,771	4,884,297
Total current liabilities	7,353,457	8,600,478	8,527,819	8,988,710	9,126,489	7,826,489	7,826,489	12,133,564	12,752,210	15,112,851
Non current liabilities										
Borrowing	5,411,930	5,050,855	4,669,348	8,438,845	9,604,298	8,786,772	8,786,772	11,742,086	14,985,949	16,356,934
Provisions	2,899,201	3,473,946	2,972,681	3,387,519	3,420,385	3,420,385	3,420,385	3,438,815	3,604,463	3,740,167
Total non current liabilities	8,311,132	8,524,801	7,642,029	11,826,364	13,024,683	12,207,157	12,207,157	15,180,901	18,590,412	20,097,101
TOTAL LIABILITIES	15,664,589	17,125,279	16,169,848	20,815,074	22,151,172	20,033,646	20,033,646	27,314,465	31,342,622	35,209,952
NET ASSETS	44,912,387	46,322,970	47,574,940	48,909,553	54,073,408	52,803,149	52,803,149	54,592,295	56,951,186	56,683,171
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	44,912,387	46,322,970	47,574,940	48,909,553	54,073,408	52,803,149	52,803,149	54,592,295	56,951,186	56,683,171
Reserves	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	44,912,387	46,322,970	47,574,940	48,909,553	54,073,408	52,803,149	52,803,149	54,592,295	56,951,186	56,683,171

Explanatory notes to MBRR Table A6 - Budgeted Financial Position

1. Table MBRR A6 is consistent with international standards of good financial management practice, and improves councilors' and management's understanding of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents assets less liabilities as "accounting" community wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash, appear first.
3. Table 98 MBRR Table SA3 – supporting detail to the statement of financial position is supported by an extensive table of notes (SA3 which can be found on 285) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits.
 - Consumer debtors.
 - Property, plant and equipment.
 - Trade and other payables.
 - Provisions non-current.
 - Changes in net assets.
 - Reserves.
4. The municipal equivalent of equity is community wealth/equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the budgeted financial performance or the Capital Budget will inevitably impact on the budgeted financial position. For example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 28 MBRR Table A7 - Budgeted Cash Flow Statement

EKU Ekurhuleni Metro - Table A7 Budgeted Cash Flows										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	3,728,133	3,894,773	3,705,249	4,833,913	4,956,488	4,956,488	4,956,488	4,833,913	5,320,951	5,853,297
Service charges	14,281,853	15,102,231	17,371,752	18,823,618	17,000,772	17,000,772	17,000,772	18,823,618	20,640,636	22,634,258
Other revenue	335,254	634,583	758,661	961,196	4,031,888	4,031,888	4,031,888	3,968,520	1,167,257	1,249,213
Government - operating	3,904,523	4,345,583	4,727,763	5,406,054	5,560,233	5,560,233	5,560,233	5,406,054	5,798,706	6,261,312
Government - capital	2,038,103	2,146,788	1,788,457	2,303,664	2,303,914	2,303,914	2,303,914	2,259,169	2,281,917	2,436,116
Interest	811,907	969,054	536,303	862,113	868,607	868,607	868,607	868,670	918,329	988,558
Dividends				–	90	90	90	90	90	100
Payments										
Suppliers and employees	(18,831,069)	(20,535,349)	(24,018,108)	(25,693,764)	(26,366,573)	(26,366,573)	(26,366,573)	(27,570,356)	(29,937,488)	(32,495,279)
Finance charges	(571,556)	(600,828)	(554,861)	(753,661)	(651,361)	(651,361)	(651,361)	(992,048)	(1,076,811)	(1,156,190)
Transfers and Grants	(1,167,559)	(1,096,477)	(1,239,995)	(2,017,520)	(569,583)	(569,583)	(569,583)	(897,027)	(804,004)	(845,457)
NET CASH FROM/(USED) OPERATING ACTIVITIES	4,529,589	4,860,358	3,075,219	4,725,613	7,134,476	7,134,476	7,134,476	6,700,603	4,309,583	4,925,927
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Decrease (increase) other non-current receivables	1,578	4,089		–				–	–	–
Decrease (increase) in non-current investments	(217,242)	(245,277)	(227,076)	(242,297)	(242,297)	(242,297)	(242,297)	(52,183)	1,612,230	(4,370)
Payments										
Capital assets	(3,069,164)	(4,040,408)	(4,703,349)	(5,977,264)	(6,817,559)	(6,817,559)	(6,817,559)	(6,489,960)	(6,703,136)	(6,634,064)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(3,284,829)	(4,281,597)	(4,930,426)	(6,219,561)	(7,059,857)	(7,059,857)	(7,059,857)	(6,542,143)	(5,090,906)	(6,638,435)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Borrowing long term/refinancing	750,000			2,836,156	3,245,427	3,245,427	3,245,427	3,375,487	3,587,249	3,336,896
Increase (decrease) in consumer deposits	70,490	37,149	56,178	50,000	50,304	50,304	50,304	50,304	50,272	50,288
Payments										
Repayment of borrowing	(258,415)	(344,700)	(363,605)	(316,839)	(428,003)	(428,003)	(428,003)	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	562,075	(307,551)	(307,426)	2,569,317	2,867,728	2,867,728	2,867,728	3,425,791	3,637,521	3,387,184
NET INCREASE/ (DECREASE) IN CASH HELD	1,806,836	271,210	(2,162,633)	1,075,369	2,942,348	2,942,348	2,942,348	3,584,251	2,856,197	1,674,677
Cash/cash equivalents at the year begin:	5,894,540	7,701,376	7,972,586	8,288,845	10,465,716	7,109,995	7,109,995	5,809,954	9,394,204	12,250,402
Cash/cash equivalents at the year end:	7,701,376	7,972,586	5,809,954	9,364,213	13,408,064	10,052,343	10,052,343	9,394,204	12,250,402	13,925,078

Table 29 MBRR Table A8 – Cash-backed Reserves/Accumulated Surplus Reconciliation

EKU Ekurhuleni Metro - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available										
Cash/cash equivalents at the year end	7,701,376	7,972,586	5,809,954	9,364,213	13,408,064	10,052,343	10,052,343	9,394,204	12,250,402	13,925,078
Other current investments > 90 days	115,978	147,021	116,917	143,070	160,289	160,289	160,289	4,368,660	5,993,130	4,412,854
Non current assets - Investments	881,596	1,095,831	1,353,011	2,660,797	2,671,350	2,671,350	2,671,350	2,860,164	1,246,607	1,371,267
Cash and investments available:	8,698,950	9,215,438	7,279,881	12,168,080	16,239,703	12,883,981	12,883,981	16,623,028	19,490,138	19,709,200
Application of cash and investments										
Unspent conditional transfers	553,046	433,286	113,409	–	12,683	12,683	12,683	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–	–
Statutory requirements										
Other working capital requirements	887,317	1,240,176	1,536,589	3,108,271	2,682,659	1,413,862	1,413,862	2,757,598	3,446,079	3,710,581
Other provisions	743,849	946,711	834,046	924,856	924,856	924,856	924,856	973,873	1,026,462	1,081,891
Long term investments committed	856,741	1,091,626	1,349,011	1,091,626	1,091,626	1,091,626	1,091,626	1,349,011	1,606,396	1,863,781
Reserves to be backed by cash/investments	1,005,015	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:	4,045,967	3,711,799	3,833,055	5,124,753	4,711,825	3,443,028	3,443,028	5,080,482	6,078,937	6,656,254
Surplus(shortfall)	4,652,983	5,503,638	3,446,826	7,043,327	11,527,878	9,440,953	9,440,953	11,542,546	13,411,201	13,052,946

Explanatory notes to MBRR Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash inflow versus cash outflow that is likely to result from the implementation of the budget.
3. It can be seen that the City of Ekurhuleni's cash levels are increasing steadily.
4. The cash and cash equivalents increase because of healthy increases in operational activities due to implementations of various interventions, i.e. extensive debt collection drive.
5. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents are expected to improve steadily to R9.3 billion in 2018/19. This increase is in line with the city's aim to achieve a three-month operating expenses coverage with its available cash and cash equivalents balances in the near future. As can be seen from the table, the city has a healthy net cash inflow from its operating activities. This result steadily increases over the MTREF period. This indicates that the cash inflows (inflows from ratepayers, etc.) generated from operating activities substantially exceeds the cash outflows (outflows to suppliers, employees etc.) of the operating activities. The significant net cash outflows from investing activities indicates inter alia that the metro is spending vast amounts of capital assets (property, plant and equipment etc.). This is made possible largely due to the healthy net cash inflows from operating activities mentioned above. The net cash inflows from financing activities is largely due to existing bonds and new bonds that will be taken up during the MTREF, as discussed in various sections within this document.

Explanatory notes to MBRR Table A8 – Cash-backed Reserves/Accumulated Surplus Reconciliation

1. The cash-backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. It is also in line with Council's Funding and Reserves Policy.
2. In essence, the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The end objective of the medium-term framework is to ensure the budget is funded and aligned to Section 18 of the MFMA.
6. From the table it can be seen that the cash surplus is increasing over the years.

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7. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF and considering the requirements of Section 18 of the MFMA, it can be concluded that the 2018/19 MTREF is funded due to the significant cash surplus.
 8. Cash and investments available increase from R16.2 billion in 2017/18, to R16.6 billion in 2018/19. The application of cash and investment increases from R4.7 billion in 2017/18 to R5 billion by 2018/19. This is mainly because of the fact that no unspent grants are projected over the MTREF. The increase is as a result of working capital and commitment over MTREF.

Table 30 MBRR Table A9 - Asset Management

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE									
Total New Assets	1,805,734	2,165,014	2,461,200	3,392,291	3,386,500	3,217,175	2,951,240	3,260,508	3,255,385
<i>Roads Infrastructure</i>	696,276	788,867	692,706	381,650	420,368	399,350	296,600	249,800	317,250
<i>Storm water Infrastructure</i>	–	–	–	127,450	126,100	119,795	–	–	–
<i>Electrical Infrastructure</i>	386,399	390,713	465,247	550,500	550,500	522,975	555,000	528,065	602,000
<i>Water Supply Infrastructure</i>	324,960	204,276	161,203	425,859	452,896	430,251	188,150	354,000	334,000
<i>Sanitation Infrastructure</i>	58,120	126,126	40,683	50,600	36,600	34,770	66,600	59,000	19,000
<i>Solid Waste Infrastructure</i>	–	–	20,298	–	–	–	–	–	–
<i>Information and Communication Infra</i>	43,030	38,472	115,244	96,632	103,632	98,450	–	–	–
Infrastructure	1,508,785	1,548,453	1,495,382	1,632,691	1,690,096	1,605,591	1,106,350	1,190,865	1,272,250
Community Facilities	73,628	102,594	31,847	302,700	298,188	283,279	122,500	179,000	193,000
Sport and Recreation Facilities	3,462	16,068	7,476	–	–	–	–	–	–
Community Assets	77,090	118,662	39,322	302,700	298,188	283,279	122,500	179,000	193,000
Heritage Assets	–	–	–	–	–	–	–	–	–
Revenue Generating	138,256	281,214	581,005	1,400,660	1,353,326	1,285,660	1,689,790	1,852,643	1,747,355
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	138,256	281,214	581,005	1,400,660	1,353,326	1,285,660	1,689,790	1,852,643	1,747,355
Operational Buildings	59,205	197,747	345,490	33,900	24,050	22,848	32,600	38,000	42,780
Housing	–	–	–	–	–	–	–	–	–
Other Assets	59,205	197,747	345,490	33,900	24,050	22,848	32,600	38,000	42,780
Computer Equipment	–	–	–	50	50	48	–	–	–
Furniture and Office Equipment	–	–	–	1,040	1,040	988	–	–	–
Machinery and Equipment	–	–	–	15,000	13,500	12,825	–	–	–
Transport Assets	22,399	18,938	–	6,250	6,250	5,938	–	–	–

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE									
<u>Total Renewal of Existing Assets</u>	1,263,430	1,928,851	2,240,835	2,730,268	2,593,374	2,463,705	2,444,332	2,309,696	2,141,763
<i>Roads Infrastructure</i>	105,148	404,944	346,823	49,750	51,000	48,450	472,298	420,121	489,717
<i>Storm water Infrastructure</i>	–	–	–	4,000	7,500	7,125	6,500	6,000	4,000
<i>Electrical Infrastructure</i>	105,012	79,839	111,189	129,500	129,500	123,025	133,000	145,000	161,000
<i>Water Supply Infrastructure</i>	11,904	74,076	46,317	140,500	112,000	106,400	139,500	87,000	112,000
<i>Sanitation Infrastructure</i>	22,719	47,100	57,360	66,600	64,100	60,895	62,790	81,000	116,000
<i>Solid Waste Infrastructure</i>	29,563	91,263	82,912	95,950	84,050	79,848	68,600	43,400	82,000
<i>Information and Communication Infra</i>	240,679	333,876	432,297	372,417	368,917	350,471	408,018	533,820	235,820
Infrastructure	515,024	1,031,098	1,076,898	858,717	817,067	776,214	1,290,706	1,316,341	1,200,536
Community Facilities	126,206	169,036	109,257	300,870	271,270	257,707	322,450	203,100	220,300
Sport and Recreation Facilities	20,716	41,311	33,469	31,830	31,180	29,621	33,600	76,400	72,820
Community Assets	146,922	210,346	142,726	332,700	302,450	287,328	356,050	279,500	293,120
Heritage Assets	–	–	–	–	–	–	–	–	–
Revenue Generating	176	52,264	77,384	–	–	–	7,500	–	–
Investment properties	176	52,264	77,384	–	–	–	7,500	–	–
Operational Buildings	162,064	255,905	464,471	423,980	340,986	323,937	325,566	285,378	155,978
Housing	–	–	–	–	–	–	–	–	–
Other Assets	162,064	255,905	464,471	423,980	340,986	323,937	325,566	285,378	155,978
Licences and Rights	–	–	–	998	979	930	–	–	–
Intangible Assets	–	–	–	998	979	930	–	–	–
Computer Equipment	–	–	–	51,979	50,609	48,079	44,543	45,084	48,504
Furniture and Office Equipment	94,683	59,685	81,742	62,251	60,905	57,860	59,958	57,275	81,571
Machinery and Equipment	37,777	33,300	62,030	114,620	122,687	116,552	129,387	109,945	111,345
Transport Assets	306,783	286,254	335,584	885,024	897,691	852,807	230,622	216,172	250,708

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE									
Total Upgrading of Existing Assets	–	–	–	593,396	640,208	608,198	1,508,641	1,560,791	1,660,368
<i>Roads Infrastructure</i>	–	–	–	41,500	38,000	36,100	292,900	345,200	349,600
<i>Storm water Infrastructure</i>	–	–	–	42,750	34,550	32,823	27,500	11,000	16,000
<i>Electrical Infrastructure</i>	–	–	–	–	–	–	25,000	94,000	45,000
<i>Water Supply Infrastructure</i>	–	–	–	52,000	79,400	75,430	99,010	162,000	191,000
<i>Sanitation Infrastructure</i>	–	–	–	80,500	85,000	80,750	216,805	194,051	195,824
<i>Solid Waste Infrastructure</i>	–	–	–	25,000	16,200	15,390	59,000	29,000	12,000
<i>Information and Communication Infra</i>	–	–	–	10,000	10,201	9,691	114,169	46,525	13,200
Infrastructure	–	–	–	251,750	263,351	250,184	834,384	881,776	822,624
Community Facilities	–	–	–	56,300	63,900	60,705	394,900	410,700	482,850
Sport and Recreation Facilities	–	–	–	33,000	33,000	31,350	42,900	39,500	58,500
Community Assets	–	–	–	89,300	96,900	92,055	437,800	450,200	541,350
Revenue Generating	–	–	–	139,646	125,157	118,899	84,537	131,615	111,939
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	139,646	125,157	118,899	84,537	131,615	111,939
Operational Buildings	–	–	–	50,000	83,500	79,325	150,720	96,000	183,254
Housing	–	–	–	–	–	–	–	–	–
Other Assets	–	–	–	50,000	83,500	79,325	150,720	96,000	183,254
Machinery and Equipment	–	–	–	1,200	1,200	1,140	1,200	1,200	1,200
Transport Assets	–	–	–	61,500	70,100	66,595	–	–	–

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE									
<u>Total Capital Expenditure</u>									
<i>Roads Infrastructure</i>	801,424	1,193,811	1,039,529	472,900	509,368	483,900	1,058,298	1,015,121	1,156,567
<i>Storm water Infrastructure</i>	–	–	–	174,200	168,150	159,743	37,500	17,000	20,000
<i>Electrical Infrastructure</i>	491,410	470,552	576,437	680,000	680,000	646,000	713,000	767,065	808,000
<i>Water Supply Infrastructure</i>	336,864	278,352	207,520	618,359	644,296	612,081	426,660	603,000	637,000
<i>Sanitation Infrastructure</i>	80,838	173,225	98,043	197,700	185,700	176,415	346,195	334,051	330,824
<i>Solid Waste Infrastructure</i>	29,563	91,263	103,210	120,950	100,250	95,238	127,600	72,400	94,000
<i>Information and Communication Infrastru</i>	283,709	372,348	547,541	479,049	482,750	458,613	522,187	580,345	249,020
Infrastructure	2,023,809	2,579,551	2,572,280	2,743,158	2,770,514	2,631,989	3,231,440	3,388,982	3,295,411
Community Facilities	199,834	271,630	141,104	659,870	633,358	601,690	840,450	793,400	896,150
Sport and Recreation Facilities	24,178	57,379	40,945	64,830	64,180	60,971	76,500	115,900	131,320
Community Assets	224,013	329,009	182,049	724,700	697,538	662,661	916,950	909,300	1,027,470
Revenue Generating	138,432	333,478	658,389	1,540,306	1,478,483	1,404,559	1,781,827	1,984,258	1,859,294
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	138,432	333,478	658,389	1,540,306	1,478,483	1,404,559	1,781,827	1,984,258	1,859,294
Operational Buildings	221,269	453,652	809,961	507,880	448,536	426,110	471,566	409,378	372,012
Housing	–	–	–	–	–	–	–	–	–
Other Assets	221,269	453,652	809,961	507,880	448,536	426,110	471,566	409,378	372,012
Licences and Rights	–	–	–	998	979	930	–	–	–
Intangible Assets	–	–	–	998	979	930	–	–	–
Computer Equipment	–	–	–	52,029	50,659	48,126	44,543	45,084	48,504
Furniture and Office Equipment	94,683	59,685	81,742	63,291	61,945	58,848	59,958	57,275	81,571
Machinery and Equipment	37,777	33,300	62,030	130,820	137,387	130,517	130,587	111,145	112,545
Transport Assets	329,182	305,191	335,584	952,774	974,041	925,339	230,622	216,172	250,708
TOTAL CAPITAL EXPENDITURE - Asset class	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,867,493	7,121,595	7,047,515

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE									
<u>Total Capital Expenditure</u>									
<i>Roads Infrastructure</i>	801,424	1,193,811	1,039,529	472,900	509,368	483,900	1,061,798	1,015,121	1,156,567
<i>Storm water Infrastructure</i>	–	–	–	174,200	168,150	159,743	34,000	17,000	20,000
<i>Electrical Infrastructure</i>	491,410	470,552	576,437	680,000	680,000	646,000	713,000	767,065	808,000
<i>Water Supply Infrastructure</i>	336,864	278,352	207,520	618,359	644,296	612,081	426,660	603,000	637,000
<i>Sanitation Infrastructure</i>	80,838	173,225	98,043	197,700	185,700	176,415	346,195	334,051	330,824
<i>Solid Waste Infrastructure</i>	29,563	91,263	103,210	120,950	100,250	95,238	127,600	72,400	94,000
<i>Information and Communication Infra</i>	283,709	372,348	547,541	479,049	482,750	458,613	522,187	580,345	249,020
Infrastructure	2,023,809	2,579,551	2,572,280	2,743,158	2,770,514	2,631,989	3,231,440	3,388,982	3,295,411
Community Facilities	199,834	271,630	141,104	659,870	633,358	601,690	839,850	792,800	896,150
Sport and Recreation Facilities	24,178	57,379	40,945	64,830	64,180	60,971	76,500	115,900	131,320
Community Assets	224,013	329,009	182,049	724,700	697,538	662,661	916,350	908,700	1,027,470
Revenue Generating	138,432	333,478	658,389	1,540,306	1,478,483	1,404,559	1,781,827	1,984,258	1,859,294
Investment properties	138,432	333,478	658,389	1,540,306	1,478,483	1,404,559	1,781,827	1,984,258	1,859,294
Operational Buildings	221,269	453,652	809,961	507,880	448,536	426,110	508,886	419,378	382,012
Other Assets	221,269	453,652	809,961	507,880	448,536	426,110	508,886	419,378	382,012
Licences and Rights	–	–	–	998	979	930	–	–	–
Intangible Assets	–	–	–	998	979	930	–	–	–
Computer Equipment	–	–	–	52,029	50,659	48,126	44,543	45,084	48,504
Furniture and Office Equipment	94,683	59,685	81,742	63,291	61,945	58,848	59,958	57,275	81,571
Machinery and Equipment	37,777	33,300	62,030	130,820	137,387	130,517	130,587	111,145	112,545
Transport Assets	329,182	305,191	335,584	952,774	974,041	925,339	230,622	216,172	250,708
TOTAL CAPITAL EXPENDITURE - Asset class	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,904,213	7,130,995	7,057,515

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSET REGISTER SUMMARY - PPE (WDV)	21,493,152	24,693,888	26,498,801	19,288,466	17,235,053	17,235,053	22,083,870	23,722,032	25,633,472
Storm water Infrastructure	10,688,159	11,732,712	11,949,930	12,808,706	12,793,526	12,793,526	14,019,223	15,055,161	15,959,102
Electrical Infrastructure	2,755,437	2,996,887	3,188,303	3,896,146	3,913,146	3,913,146	3,997,539	4,329,590	4,596,078
Water Supply Infrastructure	4,958,922	2,837,378	3,881,266	2,812,888	4,912,293	4,912,293	2,258,965	2,181,884	2,125,896
Sanitation Infrastructure				116,359	95,659	95,659	2,409,691	2,752,257	2,120,941
Coastal Infrastructure	502,742	479,310	655,734	1,993,197	1,993,398	1,993,398	1,785,652	1,875,270	1,987,413
Information and Communication Infra	40,398,412	42,740,176	46,174,033	40,915,761	40,943,074	40,943,074	46,554,940	49,916,193	52,422,901
Infrastructure	2,629,120	2,629,120	2,723,054	5,908,902	5,798,242	5,798,242	5,452,590	5,421,589	5,985,474
Community Facilities	843,716	1,023,969	897,737	–	–	–	802,590	825,652	852,145
Sport and Recreation Facilities	3,472,836	3,653,089	3,620,791	5,908,902	5,798,242	5,798,242	6,255,179	6,247,242	6,837,619
Community Assets	36,194	59,454	62,517	36,195	36,195	36,195	36,194	36,194	36,194
Heritage Assets					51,832	51,832	–	–	–
Revenue Generating	571,282	499,316	524,734	174,321	174,321	174,321	175,215	178,524	179,652
Non-revenue Generating	571,282	499,316	524,734	174,321	226,153	226,153	175,215	178,524	179,652
Investment properties	1,895,022	1,923,187	1,032,889	2,411,402	2,446,963	2,446,963	2,354,562	2,356,526	2,456,845
Operational Buildings	782,686	844,502	430,590	2,440,684	2,386,733	2,386,733	2,545,659	2,624,159	2,698,754
Housing	2,677,708	2,767,689	1,463,479	4,852,086	4,833,696	4,833,696	4,900,221	4,980,685	5,155,599
Other Assets									
Servitudes	130,260	73,509	355,095	130,260	145,813	145,813	147,521	146,524	149,853
Licences and Rights	130,260	73,509	355,095	130,260	145,813	145,813	147,521	146,524	149,853
Intangible Assets	35,897	39,255	41,117	157,624	157,624	157,624	184,053	196,578	195,585
Computer Equipment	24,563	26,584	28,385	131,481	140,751	140,751	141,500	141,900	142,500
Furniture and Office Equipment	78,699	83,589	93,038	360,615	350,265	350,265	372,852	380,851	374,707
Machinery and Equipment	277,658	281,486	295,975	2,137,257	2,172,688	2,172,688	2,180,652	2,191,527	2,212,590
Transport Assets	2,865	2,915	3,040	23,073	23,073	23,073	17,875	19,986	21,585
Zoo's, Marine and Non-biological Anim	47,706,374	50,227,062	52,662,205	54,827,574	54,827,574	54,827,574	60,966,202	64,436,204	67,728,785
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)									

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE OTHER ITEMS	2,057,381	2,144,071	2,013,797	2,076,706	2,076,706	2,076,706	2,422,268	2,598,483	2,791,308
Depreciation	1,328,381	1,660,851	2,005,713	2,211,399	2,125,519	2,125,519	2,416,166	2,602,762	2,804,374
Repairs and Maintenance by Asset Class	139,083	262,839	529,802	604,800	592,759	592,759	651,068	692,412	736,444
<i>Roads Infrastructure</i>	21,181	43,794	52,839	36,333	40,688	40,688	38,970	41,503	44,200
<i>Storm water Infrastructure</i>	526,489	584,083	570,726	688,914	628,110	628,110	747,101	806,264	870,270
<i>Electrical Infrastructure</i>	85,078	116,998	390,042	216,548	215,913	215,913	244,457	266,550	290,762
<i>Water Supply Infrastructure</i>	78,273	107,918	106,836	192,772	191,749	191,749	220,190	246,569	277,508
<i>Sanitation Infrastructure</i>	55,702	52,090	54,523	55,035	53,635	53,635	58,283	62,071	66,106
<i>Information and Communication Infra</i>	905,805	1,167,721	1,704,768	1,794,402	1,722,854	1,722,854	1,960,068	2,115,369	2,285,290
Infrastructure	56,582	87,924	45,719	–	984	984	31,350	33,493	35,746
Community Facilities	3,241	5,669	16,679	–	–	–	66,352	70,645	75,227
Sport and Recreation Facilities	59,823	93,593	62,397	–	984	984	97,702	104,138	110,973
Community Assets	154,177	132,252	(229,323)	–	–	–	–	–	–
Revenue Generating	21,730	21,593	31,938	45,385	46,185	46,185	48,083	51,208	54,537
Non-revenue Generating	21,730	21,593	31,938	45,385	46,185	46,185	48,083	51,208	54,537
Investment properties	–	–	1,306	156,052	148,047	148,047	48,935	53,202	57,871
Operational Buildings	18,111	25,375	51,879	–	–	–	47,760	50,331	52,366
Housing	18,111	25,375	53,185	156,052	148,047	148,047	96,695	103,533	110,237
Intangible Assets	57,338	89,085	139,399	3,917	3,917	3,917	4,172	4,806	5,094
Computer Equipment	16,997	21,368	22,410	37,382	37,079	37,079	30,792	32,897	35,027
Furniture and Office Equipment	–	–	–	6,475	6,461	6,461	4,471	4,744	5,034
Machinery and Equipment	94,400	109,864	220,939	167,786	159,992	159,992	174,184	186,067	198,182
	3,385,762	3,804,922	4,019,510	4,288,106	4,202,226	4,202,226	4,838,435	5,201,245	5,595,683

Explanatory notes to MBRR Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their Capital Budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The City meets the 40% renewal requirement.
3. The repairs and maintenance is not met due to the City of Ekurhuleni having revalued its assets with the first time adoption of GRAP 17 and asset values are currently high in relation to other municipalities. However, the R&M budget percentage to PPE is 4%.
4. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the city's strategy to address the maintenance backlog.

Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

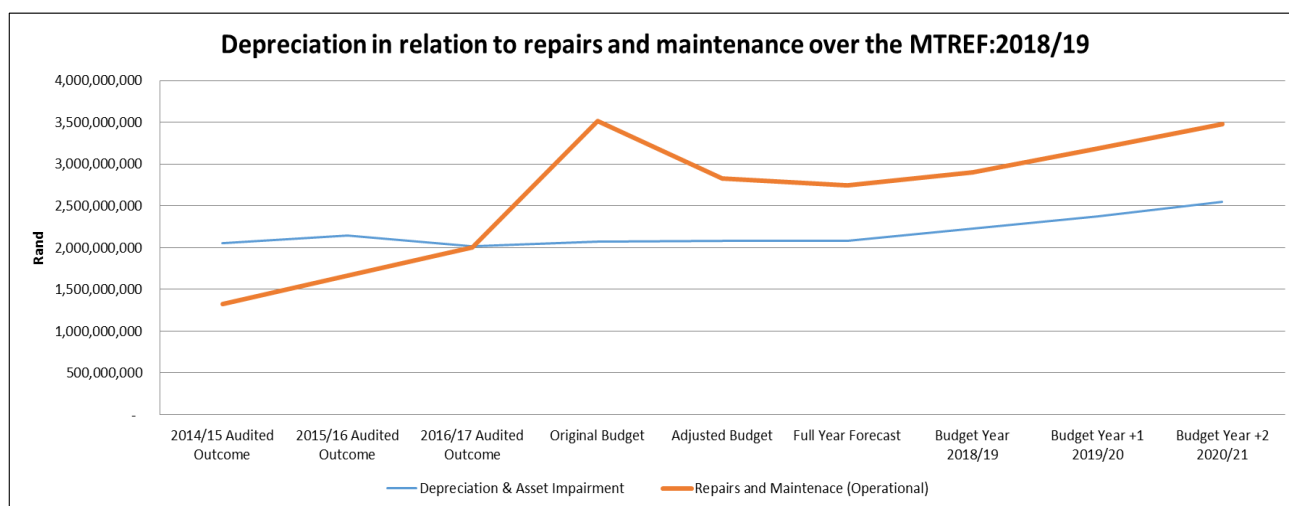


Table 31 MBRR Table A10 - Basic Service Delivery Measurement

EKU Ekurhuleni Metro - Table A10 Basic service delivery measurement									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	507,258	508,458	509,658	510,858	510,858	510,858	512,058	513,258	514,458
Piped water inside yard (but not in dwelling)	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762
Using public tap (at least min.service level)	119,217	119,217	119,317	119,417	119,417	119,417	119,417	119,417	119,417
Other water supply (at least min.service level)	2,211	2,211	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	1,010,448	1,011,648	1,010,737	1,012,037	1,012,037	1,012,037	1,013,237	1,014,437	1,015,637
Other water supply (< min.service level)	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
<i>Below Minimum Service Level sub-total</i>	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
Total number of households	1,021,759	1,022,959	1,022,048	1,023,348	1,023,348	1,023,348	1,024,548	1,025,748	1,026,948
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	508,458	509,658	510,858	512,058	512,058	512,058	513,258	514,458	515,658
Flush toilet (with septic tank)	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429
Chemical toilet	217,245	217,245	217,245	217,245	217,245	217,245	237,245	257,245	277,245
Pit toilet (ventilated)	80,613	80,613	80,613	80,613	80,613	80,613	60,613	40,613	20,613
Other toilet provisions (> min.service level)	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824
<i>Minimum Service Level and Above sub-total</i>	989,569	990,769	991,969	993,169	993,169	993,169	994,369	995,569	996,769
Other toilet provisions (< min.service level)	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594
No toilet provisions	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806
<i>Below Minimum Service Level sub-total</i>	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
Total number of households	1,024,969	1,026,169	1,027,369	1,028,569	1,028,569	1,028,569	1,029,769	1,030,969	1,032,169

EKU Ekurhuleni Metro - Table A10 Basic service delivery measurement									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Energy:</u>									
Electricity (at least min.service level)	150,000	150,000	150,000	108,206	108,206	99,462	109,462	119,462	129,462
Electricity - prepaid (min.service level)	394,101	394,101	398,042	454,007	454,007	456,497	466,497	476,497	486,497
<i>Minimum Service Level and Above sub-total</i>	544,101	544,101	548,042	562,213	562,213	555,959	575,959	595,959	615,959
Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	27,000	27,000	27,000	10,000	10,000	10,000	10,000	10,000	10,000
<i>Below Minimum Service Level sub-total</i>	27,000	27,000	27,000	10,000	10,000	10,000	10,000	10,000	10,000
Total number of households	571,101	571,101	575,042	572,213	572,213	565,959	585,959	605,959	625,959
<u>Refuse:</u>									
Removed at least once a week	652,498	652,498	668,158	681,000	689,477	689,477	699,477	709,477	719,477
<i>Minimum Service Level and Above sub-total</i>	652,498	652,498	668,158	681,000	689,477	689,477	699,477	709,477	719,477
Removed less frequently than once a week	–	–	–	–	–	–	–	–	–
Using communal refuse dump	164,699	164,699	164,699	164,399	164,699	164,699	164,718	164,718	164,718
Using own refuse dump	–	–	–	–	–	–	–	–	–
Other rubbish disposal	–	–	–	–	–	–	–	–	–
No rubbish disposal	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	164,699	164,699	164,699	164,399	164,699	164,699	164,718	164,718	164,718
Total number of households	817,197	817,197	832,857	845,399	854,176	854,176	864,195	874,195	884,195

EKU Ekurhuleni Metro - Table A10 Basic service delivery measurement									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	655,307	461,311	465,924	472,913	472,913	472,913	336,026	352,827	370,469
Sanitation (free minimum level service)	655,307	458,127	462,708	469,649	469,649	469,649	332,697	349,332	366,798
Electricity/other energy (50kwh per household per month)	264,184	336,100	368,288	371,971	371,971	371,971	387,449	397,449	407,449
Refuse (removed at least once a week)	42,040	98,523	115,000	115,000	115,000	115,000	135,000	135,000	135,000
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>									
Water (6 kilolitres per indigent household per month)	362,728	399,710	566,241	465,587	465,587	465,587	484,506	667,080	733,590
Sanitation (free sanitation service to indigent households)	155,058	234,555	220,607	304,690	304,690	304,690	321,366	345,067	370,515
Electricity/other energy (50kwh per indigent household per month)	39,501	1,058,228	1,332,126	1,424,305	1,424,305	1,424,305	1,595,189	1,679,923	1,583,465
Refuse (removed once a week for indigent households)	43,000	214,061	256,567	269,577	269,577	269,577	291,072	301,317	311,986
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	–	160,951	214,316	215,254	215,254	215,254	498,848	528,444	559,874
Total cost of FBS provided	600,287	2,067,504	2,589,856	2,679,412	2,679,412	2,679,412	3,190,981	3,521,831	3,559,431

EKU Ekurhuleni Metro - Table A10 Basic service delivery measurement									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Highest level of free service provided per household									
Property rates (R value threshold)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Water (kilolitres per household per month)	9	9	9	9	9	9	9	9	9
Sanitation (kilolitres per household per month)	9	9	9	9	9	9	9	9	9
Sanitation (Rand per household per month)	69	74	89	89	89	97	106	115	126
Electricity (kwh per household per month)	100	100	100	100	100	100	100	100	100
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)									
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	673,053	738,434	743,106	866,839	905,710	905,710	984,162	1,057,975	1,137,323
Water (in excess of 6 kilolitres per indigent household per month)	353,275	418,454	446,975	456,770	456,770	456,770	324,201	365,663	411,702
Sanitation (in excess of free sanitation service to indigent households)	267,046	303,013	319,903	339,709	339,709	339,709	231,994	259,436	289,597
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	254,226	311,575	330,862	330,862	330,862	364,748	398,579	433,758
Total revenue cost of subsidised services provided	1,293,374	1,714,127	1,821,559	1,994,181	2,033,052	2,033,052	1,905,106	2,081,653	2,272,380

Explanatory note to MBRR Table A10 - Basic Service Delivery Measurement

1. It is anticipated that these FBS will cost the municipality R3.1 billion in 2018/19. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.
2. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
3. The metro continues to make good progress with the eradication of backlogs:
4. The budget provides for 135 000 households to be registered as indigent in 2018/19, and therefore entitled to receiving FBS. The level of FBS will have to be reviewed to cover the cost of additional indigents given the rapid rate of immigration to the metro, especially by poor people seeking economic opportunities.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the city's mayor to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the metro's mayor must establish a Budget Steering Committee to provide technical assistance to the mayor in discharging the responsibilities set out in Section 53 of the Act.

Budget Steering Committee

The Budget Steering Committee was set up by the Executive Mayor in terms of Section 4 of the Municipal Budget and Reporting Regulations.

The Budget Steering Committee is chaired by the MMC Finance and the following Members of Mayoral Committee are members:

- MMC for Infrastructure Services
- MMC for Water, Sanitation and Energy
- MMC for Community Services
- MMC for Human Settlements
- MMC for Corporate and Shared Services

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices.
- That there is proper alignment between the policy and service delivery priorities set out in the metro's IDP and the budget, taking into account the need to protect the financial sustainability of municipality.
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available.
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

The key deadlines for the compilation of the IDP and MTREF was submitted to Council for approval during August 2017 as required by Section 21(b) of the MFMA. In February 2018 Council approved a revised schedule of key deadlines mainly on recommendation emanating from Budget Circular No 89 dated 9 December 2017 and Mid-year assessment. In terms of the revised approved key deadlines, the IDP and Budget must be **tabled** to Council at the end of **March 2018**. The draft budget will be tabled on the 22nd March 2018. Consultation with community and various oversight committees will take place in April 2018. The schedule of key deadline indicated that the **final adoption** of the IDP and budget will take place in **May 2018**.

Council adopted an approach that each ward was to identify its 5 key/top priorities for inclusion in the IDP for the term. The first round of engagements with communities was conducted in October 2017; where ward level meetings were held and ward councillors were requested to submit ward priorities for their respective wards. Ward Councillors were requested to coordinate and facilitate their respective ward meetings; for the purpose of collating and confirming such 5 key/top ward priorities. Consolidated needs were then

forwarded to departments for consideration during budgeting process. Further details on community engagements and extent to which the identified needs are being responded to be contained in chapter 6 of **Annexure A**.

The IDP engaged with each department between December 2017 and January 2018. This consisted of one-on-one engagement with departments to discuss the SDBIP and to finalise indicators and targets. The process also ensures that departmental outputs are aligned with national outcomes and the GDS.

The departments received budget compilation guidelines and templates for the submission to Budget Office by 28 October 2017. Departments duly complied and submitted their Operating Budget and Capital Budget requests to the Finance Department for consolidation.

Key dates as approved by Council in February 2018 were as follows:

No	Activity	Proposed Date
1	Budget Steering Committee meeting (The submissions of the departments without any curtailment)	12 February 2018
2	Re-submission of draft budgets by certain departments (The purpose is to finalise the draft figures)	13 – 16 February 2018
3	Minister of Finance Budget Speech - Final DORA regarding grant allocations - Eskom/ NERSA increases - Rand Water and Erwat increases	22 February 2018
4	First Draft of 2017/18 MTREF (balanced) - SMT	26 February 2018
5	Budget Steering Committee meeting (balanced)	2 & 20 March 2018
6	Presentation of the Gauteng Provincial Budget	9 March 2018
7	Caucus Lekgotla	28 February – 2 March 2018
8	Mayoral Lekgotla	5 – 14 March 2018
9	Special Mayoral Committee (to be arranged)	14 March 2018
10	Special Council meeting for tabling MTREF (to be arranged)	28 March 2018
11	State of the City Address	27 March 2018
12	Public participation and Oversight input	April 2018
13	Approval of Final MTREF	May 2018

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP is the City of Ekurhuleni's principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into planning statements covering the five-year objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The whole process was structured around supporting and working towards contributing to the achievement of the programmes set in the GDS 2055.

In terms of Section 34 of the Municipal Systems Act, 32 of 2000, the Council must annually review its IDP in terms of a predetermined process. This process was adopted by the Council on 30 August 2012.

The review of the IDP in terms of the Municipal Systems Act is guided and informed by the following:

- It must support and work towards achieving the vision and mission of City of Ekurhuleni.
- Working towards the achievement of the City of Ekurhuleni GDS 2055 programmes.
- Addressing the national outcomes set by Parliament.
- Focus on basic service delivery in terms of the eradication of backlogs and the maintenance of existing infrastructure and community needs.
- Provincial plans and programmes applicable to the specific budget allocations by the respective provincial sector departments to these projects should also be reflected as far as possible.

All departments were part of the process of reviewing the IDP and SDBIP in terms of the newly approved GDS 2055.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/19 MTREF, financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- City growth.
- Policy priorities and strategic objectives.
- Asset maintenance.
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns).
- Performance trends.
- The approved 2017/18 adjustments budget and performance against the SDBIP.
- Cash Flow Management Strategy.
- Debtor payment levels.
- Loan and investment possibilities.
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circular 78-86 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

Section 29 (1) (b) of Chapter 5 of the Municipal Systems Act of 2000 states that municipalities through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Municipal Systems Act, 2000; must allow for communities to be consulted on their development needs and priorities; and that the local community to participate in drafting of the IDP.

The City of Ekurhuleni has adopted the Ward Committees system which has been designed to assist Ward Councilors with the facilitation and coordination of engagements between the City and its communities.

The consultation meetings were held in 17 Customer Care Areas (CCAs) between the 05 and the 14th of September 2017 where all the ward councilors and ward committee members of the one hundred and twelve (112) wards comprising the Ekurhuleni Metropolitan Council were engaged, in order to reprioritize and/or confirm ward priority needs identified during 2016/2017.

These working sessions were held in the CCA's with all Ward Councilors with their ward committees, after they had consulted with their respective wards/communities. The focus of the meetings was as follows:

- Basic feedback on the past IDP / Budget Process – comments and process;
- Discussion and consideration of the 5 ward Priorities emanating 2017/2018 IDP process
- and Signing off and submission of community needs per ward.

The City of Ekurhuleni consciously decided that for 2018/2019 IDP review the 5 priorities per ward should all be local government competences. A column was created in the review documentation to enable ward councilors and their ward committees to separately indicate ward needs outside local government competence requiring the attention of Provincial or National government. One hundred and forty-four (144) needs from 112 wards were directed to the Gauteng Provincial Government.

Excluding the above 144 meant for Provincial and National spheres; a total of 560 IDP ward priorities were received in September 2017 as part of the 2018/2019 IDP review. The 560 priorities represent the 5 priorities per ward for the 112 wards in Ekurhuleni. The table below indicates the number of priorities that will be addressed in the MTREF (2018/2019 to 2020/2021).

RESPONSE TO IDP WARD PRIORITIES

NUMBER OF PRIORITIES RECEIVED	560
Number of priorities to be addressed in 2018-2021 (MTREF)	265
Number of priorities not addressed in 2018-2021 (MTREF)	295

A total of 265 (47% of the 560 needs) IDP ward needs will be addressed in the MTREF (2018/2021)) and 295 (53% of the 560 needs) are non-committal from departments in terms of their implementation in the MTREF.

2.2 Overview of alignment of annual budget with IDP

Municipalities in South Africa are required to develop 5 year strategic plans (IDP) which are reviewed annually. The IDP must align the resources and the capacity of a municipality to its overall development aims and guide the budget of the municipality.

The alignment of the budget with the IDP has been achieved through the development of the City's IDP Strategic Objectives which are aligned to the City's long term plan (GDS 2055). The GDS 2055 is itself aligned to Provincial and National Plans (including the National Outcomes as outlined in the MTSF and the IUDF amongst other).

The IDP Strategic Objectives as follows:

GDS 2055	IDP Strategic Objectives
Re-urbanize: To achieve urban integration.	Strategic Objective 1 To promote integrated human settlements through massive infrastructure and services roll out.
Re-govern: To achieve effective cooperative governance.	Strategic Objective 2: To build a clean, capable and modernised local state.
Re Mobilize: To achieve social empowerment.	Strategic Objective 3: To promote safer, healthy and socially empowered communities.
Re-Generate: To achieve environmental well-being.	Strategic Objective 4: To protect the natural environment and promote resource sustainability.
Re-Industrialize: To achieve job creating economic growth.	Strategic Objective 5: To create an enabling environment for inclusive growth and job creation.

Indicators (Outcome) together with targets for the IDP aligned to the 5 Strategic Objectives have been developed, including the outcome indicators as regulated by MFMA Circular 88: Municipal Circular on Rationalisation Planning and Reporting Requirements for the 2018/19 MTREF.

Output indicators as well as targets that will address the outcome indicators in the IDP have been developed in the 2018/2019 SDBIP; including output indicator as regulated by MFMA circular 88. An attempt has been made in the 2018/2019 SDBIP to align all the indicators to the budget and/projects that are funded in the 2018-2021 MTREF; to ensure that the budget funds the priorities in the IDP. The funding of the ward priorities through the budget is also an indication of the alignment of the budget to community development priorities.

Table 32 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EKU Ekurhuleni Metro - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
National Outcome 11 - Create A Better South Africa And Contribute To A Better And Safer Africa And World	–	(35,233)	(36,046)	6,322	6,915	6,915	6,522	7,099	7,679
National Outcome 10 - Environmental Assets And Natural Resources That Are Well Protected And Continually Enhanced	1,690,075	60,162	9,436	31,881	31,897	31,897	31,889	33,483	35,157
National Outcome 9 - A Responsive, Accountable, Effective And Efficient Local Government System	17,898,135	7,038,106	7,458,859	8,569,328	8,667,683	8,667,683	9,253,181	9,929,569	10,658,160
National Outcome 8 - Sustainable Human Settlements And Improved Quality Of Household Life	6,349,114	1,944,745	2,411,024	2,234,634	2,163,810	2,163,810	2,214,184	2,420,722	2,637,570
National Outcome 7 - Vibrant, Equitable And Sustainable Rural Communities With Food Security For All	1	(428)	(317)	1,850,614	1,850,614	1,850,614	1,941,427	2,113,111	2,300,812
National Outcome 6 - An Efficient, Competitive And Responsive Economic Infrastructure Network	1,146,404	20,297,049	21,107,555	19,676,462	19,790,478	19,790,478	21,612,170	23,506,433	25,640,930
National Outcome 5 - A Skilled And Capable Workforce To Support An Inclusive Growth Path	–	1,435	8,880	25,132	25,132	25,132	37,132	37,732	38,362
National Outcome 4 - Decent Employment Through Inclusive Economic Growth	59,150	31,767	36,339	67,991	67,991	67,991	49,486	25,653	26,936
National Outcome 3 - All People In South Africa Are And Feel Safe	293,856	121,389	219,462	171,885	146,885	146,885	146,511	153,836	161,528
National Outcome 2 - A Long And Healthy Life For All South Africans	14,162	189,267	165,026	1,367	1,367	1,367	25,155	26,608	27,288
Total Revenue (excludi	27,450,897	29,648,259	31,380,219	32,635,615	32,752,771	32,752,771	35,317,657	38,254,245	41,534,420

Table 33 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EKU Ekurhuleni Metro - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	2013/14	2014/15	2015/16	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2018/19	Budget Year +2 2019/20	Budget Year +2 2020/21
R thousand									
National Outcome 12 - An Efficient, Effective And Development-Oriented Public Service And An Empowered, Fair And Inclusive Citizenship	431,897	218,850	286,693	—	—	—	—	—	—
National Outcome 11 - Create A Better South Africa And Contribute To A Better And Safer Africa And World	—	588,255	728,461	198,472	195,328	195,328	299,536	324,502	351,641
National Outcome 10 - Environmental Assets And Natural Resources That Are Well Protected And Continually Enhanced	394,202	874,251	937,370	319,361	322,862	322,862	328,148	350,995	376,533
National Outcome 9 - A Responsive, Accountable, Effective And Efficient Local Government System	18,432,235	2,963,537	1,731,825	6,987,237	7,017,213	7,017,213	7,489,386	8,043,986	8,687,404
National Outcome 8 - Sustainable Human Settlements And Improved Quality Of Household Life	2,230,684	1,806,319	1,752,908	1,570,719	1,595,126	1,595,126	1,498,669	1,543,324	1,663,704
National Outcome 7 - Vibrant, Equitable And Sustainable Rural Communities With Food Security For All	—	—	—	1,272,169	1,170,416	1,170,416	1,166,645	1,252,822	1,333,379
National Outcome 6 - An Efficient, Competitive And Responsive Economic Infrastructure Network	2,001,184	18,194,111	21,332,177	19,736,495	19,988,424	19,988,424	21,881,171	23,861,619	26,005,638
National Outcome 5 - A Skilled And Capable Workforce To Support An Inclusive Growth Path	26,728	129,330	122,773	227,500	230,041	230,041	196,541	213,736	232,550
National Outcome 4 - Decent Employment Through Inclusive Economic Growth	5,577	172,372	295,838	123,673	178,184	178,184	220,379	238,787	259,076
National Outcome 3 - All People In South Africa Are And Feel Safe	1,215,468	1,950,423	2,060,226	1,930,853	1,784,840	1,784,840	1,964,914	2,127,031	2,302,361
National Outcome 2 - A Long And Healthy Life For All South Africans	655,101	779,400	879,978	218,349	219,549	219,549	271,106	294,743	319,650
Allocations to other priorities									
Total Expenditure	25,393,075	27,676,848	30,128,249	32,584,827	32,701,983	32,701,983	35,316,496	38,251,545	41,531,936

Table 34 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EKU Ekurhuleni Metro - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2018/19	Budget Year +2 2019/20	Budget Year +2 2020/21
R thousand									
National Outcome 1 - Improved quality of basic education	–	–		–	–	–	–	–	–
National Outcome 2 - A long and healthy life for all South Africans	66,633	91,664	35,923	14,000	16,488	15,664	22,250	91,000	107,000
National Outcome 3 - All people in South Africa are and feel safe	74,217	81,262	128,318	177,900	171,000	162,450	186,200	121,600	166,800
National Outcome 4 - Decent employment through inclusive economic growth	43,030	38,472	115,047	107,000	107,000	101,650	117,500	123,000	157,780
National Outcome 8 - Sustainable human settlements and improved quality of household life	2,062,265	2,664,874	2,744,349	4,012,124	4,457,968	4,235,070	4,940,250	5,156,296	5,285,309
National Outcome 9 - A responsive, accountable, effective and efficient local government system	803,250	1,153,619	1,678,397	2,292,932	1,755,626	1,667,845	1,526,013	1,527,100	1,228,626
National Outcome 10 - Environmental assets and natural resources that are well protected and continually enhanced	13,307	63,976	–	–	–	–	–	–	–
National Outcome 11 - Create a better South Africa and contribute to a better and safer Africa and World	–	–	–	112,000	112,000	106,400	112,000	112,000	112,000
Allocations to other priorities									
Total Capital Expenditure	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,904,213	7,130,995	7,057,515

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the metro has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 35 MBRR Table SA7 - Measurable performance objectives

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - Communication and Marketing										
Function 1 - Communication and Branding										
Sub-function 1 - Branding										
Number of Brand Visibility interventions implemented	Number	6	12	12	12	-	12	12	12	12
Number of participative stakeholder engagements coordinated	Number		16	41	12	-	12	12	12	12
Vote 2 - Strategy and Corporate Planning										
Function 1 - Performance, Monitoring and evaluation										
Number of evaluations conducted	Number	1	1	1	1	-	1	1	1	1
Vote 3- Internal Audit										
Function 1 - Internal Audit										
% of forensic investigations finalized	Percentage	70%		60%	60%	0%	60%	60%	60%	60%
% completion of the approved internal audit plan	Percentage	91.30%	90%	90%	90%	0%	100%	100%	100%	100%
Vote 4- Risk Management										
Function 1 - Risk										
Number of insurance audits undertaken	Number	2	4	4	4	-	4	4		
Level of EMM compliance maturity recorded	Number	2	3	-	3	-	3	-	-	-
Number of risk profiles reviewed	Number	30	30	30	30	-	30	-	-	-
Institutional Risk Management Level Recorded	Number			4	-	-	-	4		
Vote 5 - Financial Services										
Function 1 - Finance										
% of tenders completed within the valid period (120 days from date of close of advert)	Percentage	11.06%	80%	85%	85%	-	85%	85%	85%	85%
Net debtors days	Days	0	0	0	30	-	30	0	0	0
Cash/cost Coverage Ratio (excluding Unspent Conditional Grants)	Days	0	0	0	45-90	-	45-90	0	0	0
% of Billed Amounts Collected	Percentage	92%	91%	94%	94%	-	94%	94%	94%	94%
Audit Opinion from the Auditor General	Clean Audit	clean audit	Clean Audit	Clean Audit	Clean Audit	-	Clean Audit	Unqualified without findings	Unqualified without findings	Unqualified without findings

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EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 6 - Fleet										
Function 1 - Fleet										
Number of vehicles fitted with the electronic fuel management device	Number	-	100	1,000	2,300	-	1,125	-	-	-
% Reduction on cost of vehicle repairs and maintenance	Percentage			6%	6%	-	6%	6%	6%	6%
Vote 7-Real Estate										
Function 1 - Real Estate										
Number of land parcels packaged and released for developments	Number		-	15	116	107	107	50	50	50
Vote 8- Corporate and Legal										
Function 1 - Corporate and legal Services										
% progress made with establishing the Office of the Municipal Ombudsman	Percentage	100%	100%	0	0	-	0	0	0	0
Number of newly operationalized municipal courts.	Number	4	2	1	2	-	100%	100%	100%	100%
% of cases involving town planning and building regulation contraventions filed with the Courts for finalization	Percentage	100%	60%	100%	100%	-	100%	100%	100%	100%
Number of municipal Buy-laws reviewed	Number			40%	40%	-	40%	20	20	20
Vote 9 - Human Resource Management and Development										
Function 1 - Human resource management										
Sub-function 1 - Human resource management										
Percentage of prioritized posts filled	Percentage	7%	79%	90%	0%	-	0%	0%	0%	0%
Implementation of Macro and Top structure	Percentage	0	0	0%	100%	-	100%	100%	100%	100%
Vote 10- ICT										
Vote										
Function 1 - ICT										
Sub-function 1 - ICT										
Number of new WIFI hotposts provided with wifi	Number	104	163	200	50	-	50	200	200	200
Km of fibre installed	KM			200	200	-	100	100	100	100
Number of ERP modules implemented	Number	-	-	5	4	-	4	6	5	5

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 11-Health and Social Development Vote										
Function 1 - Health and Social Development										
Sub-function 1 - Health										
Number of new health facilities constructed	Number		3	6	-	-	-	-	-	-
Number of newly constructed health facilities that are functional	Number	2	4	4	2			-	-	-
Number of new health and social care (ECD Centres) facilities constructed	Number			6	3	-	3	-	-	-
Number of ECD practitioner trained in accredited ECD training programmes	Number	302	144	140	160	-		-	-	-
Number of eligible patients initiated on Antiretroviral Therapy	Number	41,545	48,679	37,000	35,000	-		-	-	-
Percentage of babies tested HIV positive (PCR) at six (6) weeks	Percentage	<2.15%	1.30%	<2.11%	<2%	-	<2%	<2%	<2%	<2%
Rate of rodent infestation in the formal premises after intervention	Percentage		5.15%	15%	0	-	0	0	0	0
Number of informal settlements that received baiting interventions for rodent control	Number		30.75%	40.00%	35.00%	-	35.00%	119	119	119
Number of new indigent households approved	Number	11,505	4,962	5,300	6,000	-	6,000	7,000	7,000	7,000
Vote 12-Roads and Storm Water Infrastructure										
Function 1 -Roads and Stormwater	Function									
Sub-function 1 -Roads	Roads									
Number of systems added to the existing stormwater network	Number	18	104	64	50	65	65	38	35	38
KM of road network maintained	KM	1,583	2,630	1,332	1,545	1,545	1,545	2,899	2,899	2,899
KM of roads constructed	KM	23	61	67	60	38	38	30	35	35
Number of Stormwater systems maintained	Number	6,234	11	6,500	7,500	8,576	8,576	9,163	9,150	9,150
Vote 13 - Transport										
Function 1 Transport										
Number of new bus routes introduced within Ekurhuleni	Number	6	-	6	6	6	6	-	-	-
KM of dedicated bus ways completed	KM		6.23	2.50	2.50	2.50	2.50	-	-	-
KM of Harambee routes operationalized	KM			68	20	11	11	20	20	20
Number of new public facilities completed	Number	-	-	2	1	3	3	-	-	-
KM of pedestrian and cyclist paths completed	KM		10.33km	11	10	10	10	10	10	10

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 14 - Water and Sanitation										
Number of additional households in formal dwellings provided with sewer connections	Number	1,844	1,896	1,200	1,200	-	1,200	1,200	1,200	1,200
Number of additional households in formal dwellings provided with water connections	Number	1,844	1,896	1,200	1,200	-	1,200	1,200	1,200	1,200
KM of water and sewer pipes replaced, upgraded and extended	KM			50	50	30	30	30	30	30
Number of informal settltments with access to water				119	119	-	119	119	119	119
Number of informal settltments with access to sanitation				119	119	-	119	119	119	119
Number of additional mega litres (ML) of storage constructed	Number			20	50	-	45	40	40	40
Percentage of Non-Revenue Water (NRW)	Percentage	36.10%	34.60%	34.00%	33.50%	0.00%	33.50%	33.30%	33.10%	32.90%
Number of unmetered stands provided with meters	Number	16,679	1,988	10,000	10,000	-	10,000	10	10	10
MaintainBlue Drop Score (95%)	Percentage	>95%	>95%	>95%	>95%	0	>95%	>95%	>95%	>95%
Vote 15 - Human Settlements	Vote									
Function 1 - Human Settlements	Function									
Number of subsidised housing units built.	Number	348	341	689	2,196	328	328	2,389	5,143	6,315
Number of informal settlements upgraded to formal townships	Number	3	11	8	10	8	8	7	8	6
Number of informal settlements provided with interim services	Number	119	119	119	119	-	119	124	124	124
Number of serviced stands completed	Number		-	4,551	9,598	6,551	6,551	7,671	12,961	14,562
Number of social housing units built	Number		-	256	200	-	200	350	338	514
Vote 16 - SRAC										
Function 1 - Sport and Recreation										
Sub-function 1 - Sport Recreation										
Number of sports and recreation facilities constructed	Number			-	1	-	-	3	3	3
Number of children aged 3-6 years participating in accredited ECD programme.	Number	5,533	9,767	10,640	-	-	-	-	-	-
Number of ECDs supported through SRAC programmes	Number		-	-	480	-	-	-	-	-
Number of beneficiaries participating in accredited capacity building programmes	Number	200	305	490	780	-	-	-	-	-
Number of SRAC schools programs implemented	Number	20	17	16	18	-	18	18	18	18
Function 2 - Library Information Services	Function									
Number of new library facilities constructed	Number	2	0	2	0	0	0	0	0	0
	Function									
Number of new arts and culture facilities constructed	Number	3	0	1	0	0	0	0	0	0

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 17 - Disaster Management & Emergency <i>Vote</i>										
Function 1 - Disaster Management & Emergency										
Number of fire stations constructed	Number		2	2	1	0	1	1	1	1
Number of approved municipal critical infrastructure and/or mission critical contingency plans	Number		4	4	4			0	0	0
Percentage compliance with the required attendance times for structural firefighting incidents	Percentage		63%	75%	75%	0	75%	66%	66%	66%
% compliance with the required attendance times for dispatched Priority 1 emergency medical services	Percentage	86%	64%	0%	0	0%	0%	0	0	0
% of structural fire fighting calls in urban areas within 14 minutes from call receipt	Percentage			0	0	0	0	0	0	0
Vote 18 - Environmental Resource Management <i>Vote</i>										
Function 1 - Environmental Resource Management	Function									
number of adaptation or mitigation initiatives identified, advised on and reported on to increase climate change resilience	Number			4	4	4	4	4	4	4
Percentage of targeted members of the regulated community upon which regulatory actions were taken	Percentage			100%	100%	100%	100%	100%	100%	100%
Number of water bodies rehabilitated	Number			4	5	5	5	5	5	5
Function - Parks										
Number of cemeteries upgraded	Number		3	5	5	5	5	5	5	5
Number of parks upgraded.	Number		5	5	5	5	5	5	5	5
Vote 19- Waste Management										
Number of landfill sites compliant with the minimum requirements for waste disposal by a landfill	Number	4	4	5	5	-	5	5	5	5
Cleanliness levels of EMM CD areas as determined by GDARD Gauteng Waste standards	number			3	3	-	3	3	3	2
Number of households with access to weekly kerbside refuse collection	Number	652,498	1	674,385	674,385	-	674,385		674,385	674,385
Number of informal settlements with access to basic waste management services	Number	119	1	119	119	-	119	119	119	119
number of 240l bins rolled out in line with the mass roll out programme	Number	52,623	41,367	88,000	88,000	-	88,000	60,000	60,000	60,000

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 20 - Energy										
Function 1 - Energy										
number of PVC solar lighting units installed in informal settlements	Number	7,243	6,500	15,000	10,000	-	10,000	10,000	10,000	10,000
Number of high mast lights installed	Number	82	156	80	80	-	80	80	80	80
Number of street lights installed	Number	1,583	2,263	600	600	-	600	600	600	600
Number of households electrified: subsidized/informal	Number	5,656	10,257	6,000	6,000	-	6,000	6,000	6,000	6,000
% down time of network availability	Percentage	0.28%	0.48%	0,8%	0,8%	-	0,8%	0,8%	0,8%	0,8%
Installed capacity of alternative/renewable power	MW	1000kw	1MW	2MW	1MW	-	1MW	2MW	6MW	8MW
% Unaccounted for electricity	Percentage	11.05%	11.39%	11%	12%	-	12%	11,8%	11,6%	11,5%
Vote 21- City Planning										
Function 1 - City Planning										
% of dolomitic land unlocked	Percentage		98.70%	80%	83%	-	83%	90%	90%	90%
% of development planning applications finalized in accordance with the approved MSDP	Percentage	98%	75.93%	94%	95%	-	95%	94%	94%	94%
% of buiding plans finalized within a prescribed period	Percentage			72%	73%	-	73%	74%	74%	74%
Number of townships regularized	Number			5	10	-	10	40	0	0
Vote 22-Economic Development										
Function 1 - Economic Development										
Number of aerotropolis projects facilitated	Number			1	1	-	1	1	1	1
Number of enterprises participating in the EMM's business incubation program	Number	257	307	200	200	-	200	-	-	-
Number of individuals provided with EPWP work opportunities	Number	30,572	9,793	18,000	18,000	-	18,000	18,000	18,000	18,000
Rand value of investment attracted	Rand	R7.6bn	R8.356bn	R7 bn	R7 bn	-	R7 bn	R7 bn	R7 bn	R7 bn
Rand value generated by SFPM	Rand	R9,5 m	R20 m	R19 m	R23 m	-	R23 m	R24.150 m	R24.150 m	R24.150 m
Rand value of projects allocated to emerging contractors	Rand	0	0	0	R10 m	-	R10 m	R40 m	R40 m	R40 m
Number of business tourists visiting Ekurhuleni per annum	Number	73,508	199,184	39,460	39,460	-	39,460	-	-	-

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 23-EMPD										
Function 1 - EMPD										
Number of planned by-law enforcement policing operations	Number		0	60	60	-	60	60	60	60
Number of interventions implemented to reduce crime and related incidents	Number		0	80	80	-	80	80	80	80
Percentage increase in road policing operations	Percentage	316838	67.00%	10%	10%	-	10%	10%	10%	10%
Percentage decrease in road fatalities	Percentage	210	17.00%	2.0%	2%	-	2%	2%	2%	2%
Vote 24 -CUSTOMER RELATIONSHIP MANAGEMENT										
Function 1- CRM	Number		0		0.85	0	0.85	0.85	0.85	0.85
% of customer queries resolved in accordance with customer service standards	Percentage		85%	85%	90%	-	90%	90%	90%	90%
Number of queries resolved in accordance with customer service standards	Number			-	120,000	-	120,000	120,000	120,000	120,000
Number of mluti disciplinary blitzes implemented	Number			24	24	-	24		24	24
Vote 25 -ENTERPRISE-WIDE PROJECT MANAGEMENT OFFICE										
Project Management maturity level	Level	3	3	3	3	-	3	3	3	3
Percentage capex spend against the budget for capital projects allocated to EMM departments	Percentage	80.06%	82.28%	95.00%	95.00%	-	95.00%	95.00%	95.00%	95.00%
Vote 26 - Legislature										
% Effectiveness of council decision making process	Percentage	100%	100%	100%	100%	-	100%	100%	100%	100%
Functional Section 79 Committees	Number	18	18	19	19	-	18			
Percentage functionality of ward committees	Percentage	98	98	112	112	-	98%	98%	98%	98%

EKU Ekurhuleni Metro - Entities measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Entity 1 -Ekurhuleni Housing Company										
Revenue collected as a percentage of the amount billed for the year excluding errors	Percentage	92.15%	92.88%	0	90.00%	0	90.00%	90.00%	90.00%	90.00%
Entity 2 - East Rand Water Company										
% compliance with waste water treatment works license conditions and/or exemptions standards	Percentage	91.0%	88.0%	90.0%	87.0%	0.0%	87.0%	88.0%	89.0%	90.0%
Entity 3 - Brakpan Bus Company										
Number of bus trips operated on contracted routes	Number			1,323,015	1,212,969	0	1,212,969	30,675	32,822	35,120

The following table sets out the City of Ekurhuleni main performance objectives and benchmarks for the 2018/19 MTREF.

Table 36 MBRR Table SA8 - Performance indicators and benchmarks

EKU Ekurhuleni Metro - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>											
Credit Rating		Aa3/ Prime-1.za	Aa3/ Prime-1.za	Aaa.za/ Prime-1.za	Aaa.za/ Prime-1.za	Aaa.za/ Prime-1.za	Aaa.za/ Prime-1.za	Aaa.za/ Prime-1.za	Aaa.za/ Prime-1.za	Aaa.za/ Prime-1.za	Aaa.za/ Prime-1.za
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.3%	4.3%	4.2%	3.4%	3.3%	3.3%	3.3%	2.8%	2.8%	2.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.8%	5.2%	5.2%	4.1%	4.0%	4.0%	4.0%	3.4%	3.4%	3.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	52.8%	0.0%	0.0%	65.1%	74.9%	78.9%	78.9%	72.6%	74.0%	72.2%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.8	1.7	1.4	1.6	2.0	2.0	2.0	1.5	1.8	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.8	1.7	1.4	1.6	2.0	2.0	2.0	1.5	1.8	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	0.9	0.7	1.1	1.5	1.3	1.3	1.1	1.4	1.2
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		90.1%	90.2%	92.4%	97.0%	89.9%	89.9%	89.9%	89.6%	90.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Outstanding Debtors to Revenue)		90.1%	90.1%	92.4%	97.0%	89.9%	89.9%	89.9%	89.6%	90.2%	90.7%
	Total Outstanding Debtors to Annual Revenue	20.1%	22.4%	19.3%	14.6%	15.2%	15.1%	15.1%	11.6%	10.8%	10.1%
<u>Creditors Management</u>											
Creditors to Cash and Investments		69.4%	83.1%	115.8%	79.9%	56.2%	62.0%	62.0%	71.1%	57.2%	52.9%
Employee costs	Employee costs/(Total Revenue - capital	21.8%	23.0%	20.4%	24.7%	24.3%	24.3%	24.3%	24.7%	24.9%	25.1%
Remuneration	Total remuneration/(Total Revenue - capital	22.2%	23.4%	20.9%	25.1%	24.7%	24.7%		25.1%	25.3%	25.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital	5.2%	6.0%	6.8%	6.8%	6.5%	6.5%		6.8%	6.8%	6.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.3%	10.9%	9.9%	8.8%	8.4%	8.4%	8.4%	9.6%	9.5%	9.4%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	16.5	25.6	20.8	20.9	20.9	20.9	31.2	31.9	32.3	35.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25.6%	29.1%	24.9%	19.4%	20.2%	20.2%	20.2%	15.4%	14.3%	13.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.4	4.2	2.8	4.0	5.7	4.3	4.3	3.6	4.4	4.6

2.3.1 Performance indicators and benchmarks+

• 2.3.1.1 Borrowing Management

- Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of Ekurhuleni borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the metro's debt portfolio is dominated by municipal bonds. The following financial performance indicators have formed part of the compilation of the 2018/19 MTREF.
- Capital charges to operating expenditure is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is slightly increasing is 3.3% 2018/19. The stable percentage is maintained despite the fact that Council's capital budget is increasing significantly over the MTREF period.
- Capital charges to Own Revenue is a measure of the cost of borrowing in relation to the Own Revenue. It can be seen that the cost of borrowing will decrease from 4.0% to 3.4% over 2018/19 MTREF.
- Borrowed funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The percentage for the 2018/19 MTREF is 72.6%

2.3.1.2 Safety of Capital

- The gearing ratio is a measure of the long-term borrowings (non-current) over funds and reserves.

2.3.1.3 Liquidity

- Current ratio is a measure of the city's ability to pay short-term obligations with its short-term assets. The higher the ratio, the better the metro's ability to adhere to its short-term obligations. The calculation is the current assets divided by the current liabilities and as a benchmark the city has set a limit of 1.2, hence at no point in time should this ratio be less than 1.2. For the 2018/19 MTREF the ratio is expected to be 1.5.
- The liquidity ratio is a measure of the ability of the city to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2018/19 financial year the ratio is projected to be 1.1 at the end of this year and as part of the financial planning strategy it is projected to remain at 1.4 by 2019/20.

2.3.1.4 Revenue Management

- The annual debtors' collection rate indicates the percentage payment levels of the metro. It indicates at what levels the metro receives payments owed, in terms of receivables, from its customers. It is also used to establish whether credit control has been efficiently managed. The city's payment level percentage, according to this calculation is expected to be at 89.9% over 2018/19 MTREF.

2.3.1.5 Creditors Management

- The efficiency ratio is predicted to improve to 85% as a results from the capacity building programme in the Supply Chain Management Division.

2.3.1.6 Other Indicators

- The electricity distribution losses, as per the audited financial statements, were as follows:
 - 2014/15– 11.34%
 - 2015/16– 15.64%
 - 2016/17 –12.39 %

It is forecasted at a rate of 10% for the MTREF period until 2020/21

- The water distribution losses, as per the audited financial statements, were as follows:
 - 2014/15– 32.11%
 - 2015/16 – 30.60%
 - 2016/17 – 30.57%

It is forecasted at a rate of 30% for the MTREF period until 2020/21.

- Employee costs and remuneration as a percentage of revenue (excluding capital Revenue) remains steady over the MTREF period. The averages of the ratios are 24.6% respectively over the MTREF period.
- Repairs and maintenance as a percentage of revenue (excluding capital revenue) needs to be at an appropriate level to ensure that capital assets remain efficient and perform and an optimal level. The average ratio is 6.9% over the MTREF period.
- Finance charges and depreciation as a percentage of revenue (excluding capital revenue) is dependent on borrowing, interest rate levels, and the rate of depreciation of capital assets. As a result of the increase in borrowing the rate increase from 8.4% in 2017/18 to 9.5% in 2018/19.

2.3.1.7 IDP regulation financial viability indicators

- Debt Coverage is the coverage of revenue (excluding operating grants) over debt-service and is an indication of the metro's ability to meet annual interest and principle payments on debt. The coverage is expected to be 31.9% in 2018/19.
- Outstanding service debtors to revenue ratio is an indication of what percentage of revenue is in outstanding service debtors. This is also an indicator of the city's effectiveness in managing credit control and debt collection. The lower the ratio, the

more effective the management of receivables. The ratio is estimated to be 18.3% in 2018/19 and is expected to move to 16.7% in 2019/20

- Cost coverage is an indication of the City's ability to cover fixed operational expenditure with its cash and investment balances. The higher the ratio, the higher the ability. The ratio is estimated at 3.6% in 2018/19 and is expected to be at 4.6% over the MTREF period.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City.

For the 2018/19 financial year, 135 000 registered indigents have been provided for in the budget which includes the deemed indigents.

In terms of the municipality's Indigent Policy, registered households are entitled to 9 kl free water, 100 kWh of electricity, 9 kl sanitation and free waste removal equivalent to a residential once a week service, and a full rebate on their property rates.

Further detail relating to the number of households receiving FBS, the cost of FBS, highest level of FBS and revenue cost associated with FBS is contained in Table 31 MBRR A10 (Basic Service Delivery Measurement) on page 84.

2.4 Overview of budget-related policies

The city's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The entire set of budget-related policies can be viewed on the City of Ekurhuleni website: <http://www.ekurhuleni.gov.za>

LIST OF BUDGET RELATED POLICIES

The following is a list of all budget-related policies and indicates whether the relevant policy has been changed or not. It also includes one new policy:

Annexure D1	Medium-term Budget Policy Statement (reviewed)
Annexure D2	Pricing Policy Statement (reviewed)
Annexure D3	Property Rates Policy (reviewed)
Annexure D4	Provision of Free Basic Electricity Policy (reviewed) & Provision of Free Basic Water Supply Services Policy (reviewed)
Annexure D5	Waste Management Services Tariff Policy (reviewed)
Annexure D6	Consumer Deposit Policy (reviewed)
Annexure D7	Indigent Policy (reviewed)
Annexure D8	Credit Control & Debt Collection Policy (reviewed)
Annexure D9	Provision for Doubtful Debtors and Debtors Write Off (reviewed)
Annexure D10	Budget Implementation and Monitoring Policy (reviewed)
Annexure D11	Municipal Entity Financial Support Policy (reviewed)
Annexure D12	Accounting Policy (reviewed)
Annexure D13	Electricity Metering for Residential and business Customers (reviewed)
Annexure D14	Policy for the Vending of Pre-Paid Electricity (reviewed)
Annexure D15	Policy for Correction of Meter Reading and Billing Data (reviewed)
Annexure D16	Electricity Tariff policy (reviewed)
Annexure D17	Virement Policy (reviewed)
Annexure D18	Consumer Agreement Policy (remains unchanged)
Annexure D19	Supply Chain Management Policy (remains unchanged)
Annexure D20	Treasury Policy (New Policy – Consolidation of various policies)
Annexure D21	Allocation of Grant-in-Aid (new)

All the policies that have been reviewed is marked on the same principles used by Government Printers to change existing policies. The additions are highlighted and underlined whilst the deletions of information are marked with a line.

The following is a summary of the changes on the policies:

1. Annexure D1 Medium Term Budget Policy (Reviewed)

2. Annexure D2 Pricing Policy (Reviewed)

Point 4 (b) Combined household income of all occupants/ residents and/or dependents residing on the property and are over the age of 18 years, is less than two monthly wage, based on Area a Domestic Sector more than 27-hour week determination, as amended by the Minister of labour from time to time.

3. Annexure D5 Solid Waste Management Tariff Policy (Reviewed)

Existing Policy	Revised Policy
<p>PREAMBLE</p> <p>This trends puts pressure on waste management facilities both in terms of collection and disposal. The increasing volumes and complexity of the waste streams directly affects the complexity of its management that requires effective waste management policies and programmes. The growing demand for zero rated services attributed to the tough economic environment and the growing population in the informal settlements makes funding for provision of waste management services even more complex and costly.</p>	<p>PREAMBLE</p> <p>This trends puts pressure on waste management facilities both in terms of collection and disposal of waste. The increasing volumes and diversity of the waste streams directly affects the complexity of its management that requires effective waste management policies and programmes. The growing unemployment rate has in recent times pushed a number of poor and vulnerable residences into indigence. The City of Ekurhuleni has subsequently adopted a pro-poor approach to service delivery using amongst many monitoring outreach programmes such as “Siyaqhuba” to ensure that Ekurhuleni is kept clean at all times. The City is implementing programmes such as Clean City Programme, and engaging community based cooperatives in the informal settlements and creating response teams for eradication of illegal dumping. The growing demand for zero rated services attributed to the tough economic environment and the growing population in the informal settlements makes funding for provision of waste management services even more complex and costly.</p>
<p>3. DEFINITIONS</p>	<p>3. DEFINITIONS</p> <p>"Collection" Means the act of picking up solid waste materials from homes, businesses, governmental agencies, institutions, or industrial sites.</p>
	<p>"Event" Means sporting, entertainment, recreational, religious, cultural, exhibition, organisational or similar activities hosted at a venue or along a route or within</p>

	<p>respective precincts to which the public has access; means waste that originates from an event held within the Council's jurisdiction</p>
	<p>Private Bin"</p> <p>Means a supplementary receptacle not supplied by Ekurhuleni Metro used by residents/residences to temporarily store waste on the premises. Sectional Titles Act, 95 of 1986 Purposes</p>
	<p>"Service point"</p> <p>Means a designated property in place where formal receptacle is not issued and a bin in place where receptacles were issued by the municipality where waste is collected on a routine collection basis.</p>
	<p>Tariff"</p> <p>Means the user charge for the provision of the Council services, determined and promulgated by the Council in a regulation made under Chapter 7 in terms of section 75 of the Local Government: Municipal Systems</p>
<p>Zero rated waste</p> <p>Waste collected from all informal settlements, households declared as indigent with income below the threshold and waste stream used as cover material at disposal sites</p>	<p>Zero rated waste</p> <p>Waste disposed at landfill sites:</p> <ol style="list-style-type: none"> 1. General public up to 1 000 kg limited to once a week (NB if same vehicle is carrying a load of more than 1000kg the complete load seizes or is no longer exempt and normal tariffs are applicable) 2. Clean building Rubble (less than 300mm in diameter) 3. Soil, usable as cover material 4. Waste generated and collected from residences qualified and registered as indigent
<p>4. SERVICE</p> <p>Waste Treatment and Disposal. The disposal of building/demolition waste, clean garden waste, domestic waste, hazardous waste, industrial waste, residential garage waste and recyclable material by CITY OF EKURHULENI.</p>	<p>4. SERVICE</p> <ol style="list-style-type: none"> 1. Waste treatment <ul style="list-style-type: none"> ➤ Recycling, ➤ Reduction ➤ Municipal programmes and education
	<p>6. WASTE MANAGEMENT SERVICES COSTING MODEL - BIN SIZE AND FREQUENCY</p> <p>(a) Costing model</p>

	<p>(b) Replacement of 240 litre bin as a result of loss or damage</p> <p>(i) Where a wheeled bin is reported as stolen, the residence must approach the nearest Depot to re-apply for a replacement. <i>(within 24hrs of theft)</i></p> <p>(ii) Council will assess and make a decision to replace the wheeled bin free of charge provided a police case number and an affidavit is submitted from the resident in which they state the bin has been stolen.</p> <p>(iii) The loss/theft of 240l bins caused by the user/clients will be replaced by Council and charged to the user/client at a cost of procuring a bin using Council existing procurement instrument plus 20% (of the cost of procuring a bin) to cover the administration costs. If there is proof that the bin is damaged by council employees during the collection, the replacement will be free.</p> <p>(iv) The report of the stolen bin will be recorded and should any further bins be reported as stolen, the Council reserves the right to charge the residence for replacement of the bin.</p> <p>(v) The Council reserves the right to make a charge for the replacement of damaged bins where it considers that the damage has occurred through misuse or failure to secure the bins appropriately.</p> <p>(vi) Council reserves the right to issue an additional bin in an event where excess waste larger than 240l capacity for the additional billing for the residents account.</p>
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<p><u>The loss/theft</u> of 240l bins and bulk containers caused by owners/clients will be replaced by Council and charged to the owner/client at a market cost plus 20% administration fee. In the case of damage to the container during Council service, will be replaced at Councils cost.</p> <p>The loss/theft and damage to bulk containers, the cost of the replacement will be levied to the owner in the case of theft/loss and in the case of damage the cost to repair such at the full cost plus 20% administration fee will be levied.</p>	<p>(c) The loss/theft and damage to bulk containers</p> <p>The loss/theft and damage to bulk containers: the cost of the replacement of a bulk container will be cost of procuring, a bin using Council existing procurement instrument plus 20% (of the cost of procuring a bin) to cover for administration costs will be levied to the owner of the business in the case of theft/loss, and in the case of damage of the container the full cost of repairing a bin using council procurement instruments plus 20% of the cost to repair a bin administration fee will be levied.</p>
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All Container services tariffs: are based on the size of the container and the frequency of removal as well as tonnages for waste disposal.

Existing Policy	Revised Policy
	<p>Back yard dwellers in formal residences</p> <p>Per 240 l bin per unit. Account holder is billed for all bins distributed to backyard dwellers. Sliding scale for backyard dwellers tariffs</p>
<p>Institutions</p> <p>Per 240l bin (services once per week)</p>	<p>Institutions (NGOs)</p> <ol style="list-style-type: none"> Orphanages, Children's homes and Old age homes where occupants do not have income and fully rely on grants/ donations will be exempted from payment. <ul style="list-style-type: none"> Annual financial statements should be submitted to the Department to assess the financial status of the institution. Proof of registration as welfare organization and audited financial statements. Retirement Facilities/Villages/Other charity organisations registered as non-profit organizations <ul style="list-style-type: none"> 15 % rebate for properties or units with the value of R300 000 and less and a property size of 0-300m2 and Other Retirement facilities with units valued at R300 000 and more, will be provided with the 240l bin service or bulk container service (serviced once per week) and charged a domestic 240 litre bin tariff per unit.

	<ul style="list-style-type: none"> Any other charity organisations including registered schools, crèches and churches will be provided with the 240l bin service or bulk container services (serviced once per week) and charged a domestic 240 litre bin tariff per unit. <p>Institutions (as per the definition) should submit the following documents for the Rebate application.</p> <ul style="list-style-type: none"> Financial statements Registration as an NPO or NGO by the South African Social Development Services Department Tenants register (from age 60 for female and males from 65 years) Proof of providing welfare services to the Elderly <p>1. Letter of confirmation from a registered social worker or SACSSP.</p>
<p>Business Refuse Removal</p> <p>Per wheeled container size and number of services per week</p>	<p>Business Refuse Removal</p> <p>1. Per container size and number of services per week for those businesses using Council Services</p> <p>2. Environmental levy for all businesses not using EMM refuse removal services</p>
<p>7. USER CATEGORIES</p>	<p>7. USER CATEGORIES</p> <p>Billing categories Charges: Liability to pay for the municipal service</p> <p>1. The owner of premises is liable to pay to the Council the fee prescribed in schedule 3 for the provision of the municipal service in term, and is not entitled to exemption from, or reduction of the amount of such fee by reason of not making use, or of making a partial or limited use, of the municipal service.</p> <p>2. A prescribed fee becomes due and payable on the due date for payment stipulated in the account.</p> <p>3. Non-receipt of an account does not relieve the person concerned of the liability to pay a prescribed fee before or on the due date.</p> <p>4. Save where otherwise provided in the policy, the person to whom any service mentioned in the policy has been rendered by Council or made available by Council shall be liable to</p>

	<p>the Council for the tariff charge determined by the Council.</p> <p>5. Tariff charges prescribed shall become due and payable on the same date as the general assessment rate levied: Provided that if such tariff charges are increased, any unpaid balance owing to the Council on the total amended charges will be due and payable to the Council on demand.</p> <p>6. Any person who fails to pay the tariff charge in respect of services rendered or services made available by the Council be guilty of an offence.</p> <p>7. Should any organization be able to produce a certificate of registration as a nonprofit organization issued by the Department of Social Development, such an organization may apply for exemption from refuse removal levies; it either be:</p> <p>a. Levied the applicable domestic refuse removal charge as reflected in the tariff schedule;</p> <p>b. The organization be exempted from paying all refuse removal charges in the case Of Orphanages, Children's homes and Old age homes where occupants do not have income and fully rely on grants/ donations will be exempted from payment)</p> <p>8. That where bulk container services are not rendered on a scheduled basis or at least once per month, a minimum basic charge for the rendering of one bulk container service be levied.</p> <p>9. In all service provisions, the property owner will be billed and not the tenant, however, in the case where a property management agency is involved and they have power of attorney, they may apply for services on behalf of the owner, although the settlement of the account remains the responsibility of the property owner.</p> <p>10. All Departments and Entities shall have their waste management needs assessed by the Waste Management Department as and When required for provision and payment of the services. All council owned properties will</p>
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	<p>attract user/departmental charges in line with their waste management service consumption capacity. The charges will be based on the existing tariffs schedule, this will be informed by the needs assessment conducted by the department</p>
8. REBATES AND SUBSIDIES	<p>8. REBATES AND SUBSIDIES</p> <p>8.1. Institutions Orphanages and Old age homes where occupants do not have income and fully rely on grants/ donations will be exempted from payment.</p> <ul style="list-style-type: none"> • Annual financial statements should be submitted to Strategic Planning Division to assess the financial status of the institution. • Proof of registration as welfare organization and audited financial statements. <p>8.2. Retirement Facilities/Villages/Other charity organisations registered as non-profit organizations</p> <ul style="list-style-type: none"> • 15 % rebate for properties or units with the value of R300 000 and less and a property size of 0-300m² • Other Retirement facilities with units valued at R300 000 and more, will be provided with the 240l bin service or bulk container service (serviced once per week) and charged a domestic 240 litre bin tariff per unit. • Any other charity organisations including registered schools, crèches and churches will be provided with the 240l bin service or bulk container services (serviced once per week) and charged a domestic 240-liter bin tariff per unit. <p>Institutions (as per the definition) should submit the following documents for the Rebate application.</p> <ul style="list-style-type: none"> • Financial statements • Registration as an NPO or NGO by the South African Social Development Services Department • Tenants register (from age 60 for female and males from 65 years) • Proof of providing welfare services to the elderly • Letter of confirmation from a registered social worker or SACSSP.

4. Annexure D6 Consumer Deposit Policy (Reviewed)

Existing Policy	Revised Policy
2.1 In terms of paragraph 3 of the Consumer Agreement Policy, every application for municipal service has to be accompanied by a deposit.	2.1 In terms of paragraph 3 of the Consumer Agreement Policy, every application for municipal service has to be accompanied by a deposit, the amount of which is determined by Council, from time to time. AM
2.3 Approved indigents – No deposit will be required in respect of indigents as approved in terms of Council's Indigent Support Policy	2.3 Approved and Deemed indigents – No deposit will be required in respect of indigents approved in terms of Council's Indigent Support Policy AM
3.5 Approved categories of customers may in lieu of a part of the deposit submit a bank guarantee as determined by the Council from time to time.	3.5 Approved categories of customers may in lieu of a part or full deposit requirement submit a bank guarantee as determined by the Council from time to time. AM
3.6.1 A bank guarantee of 100% of the amount due in respect of the deposit may be tendered in respect of customers linked to the following electricity tariff categories – <ul style="list-style-type: none"> • Tariff C: Bulk supplies at any voltage and with a capacity of at least 25 kVA (minimum monthly NAC of 25 kVA • Tariff D: Bulk supplies at any voltage and with a capacity of at least 1 MVA and a network access charge of at least 1 MVA over the previous 12 months • Tariff E: Bulk supplies at any voltage and with a capacity of > 25kVA and a NAC of < 1 MVA. 	3.6.1 A bank guarantee of 100% of the amount due in respect of the deposit may be tendered in respect of customers linked to the following electricity tariff categories – <ul style="list-style-type: none"> • Tariff B Residential Resellers: Above 3 x 150 Ampere connections • Tariff C: Bulk supplies at any voltage and with a capacity of at least 25 kVA (minimum monthly NAC of 25 kVA • Tariff D: Bulk supplies at any voltage and with a capacity of at least 1 MVA and a network access charge of at least 1 MVA over the previous 12 months • Tariff E: Bulk supplies at any voltage and with a capacity of > 25kVA and a NAC of < 1 MVA. Energy: F Fryer
	6.2 Customer may be required to submit receipt of deposit payment in order to satisfy the Council that customer is entitled to refund.

7	Deposit held in respect of approved Indigents will be appropriated to account on date of indigent approval.	7	Deposit held in respect of approved and deemed Indigents in terms of Indigent Support policy will be appropriated to account on date of indigent approval.
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5. Annexure D7 Indigent Policy (Reviewed)

SOCIAL HEALTH INPUTS	
Existing Policy	Revised Policy
<p>“Child Headed Households”</p> <p>Is deemed to be minor dependants of registered owner or tenant of property where due to death of parent(s) or legal guardian who is also registered owner or tenant, minor child is responsible for management of households.</p>	<p>“Child Headed Households”</p> <p>Is deemed to be a household that is headed by a minor dependant or child under the age of 18 years who has assumed the role of care-giver in respect of the children in the household and is also responsible for management of such households, due to the parent/s guardian or care-giver of the household who was the registered owner/ account holder/ legal tenant of the property who is terminally ill, deceased or abandoned the children in that household.</p> <p style="text-align: right;">Social Health</p>
<p>“Youth Headed households”</p>	<p>“Youth Headed households”</p> <p>Is deemed to be a household that is headed by a youth above the age of 18 years to 35 years, who has assumed the role of care-giver in respect of the children in the household and is responsible for management of such households, due to the parent/s guardian or care-giver of the household who was the registered owner/ account holder/ legal tenant of the property who is terminally ill, deceased or abandoned the children in that household.</p> <p style="text-align: right;">Social Health</p>

<p>9.1.1 Indigent Household</p> <p>Indigent relief will be granted to an approved household where the –</p> <ul style="list-style-type: none"> (a) combined household income of all occupants/ residents and/or dependants residing on the property and are over the age of 18 years of age, is less than two (2) state monthly pension grants, as amended by Minister of Finance from time to time; (b) account in respect of Basic Services and/or Assessment rates is held with Council in the name of the applicant; (c) applicant is a South African citizen or in possession of permanent residence certificate; (d) the property is used for residential purposes only; and (e) municipal value of property does not exceed maximum value as determined by Council's assessment rates tariff policy. 	<p>9.1.1 Indigent Household</p> <p>Indigent relief will be granted to an approved household where the –</p> <ul style="list-style-type: none"> (a) <u>combined household income of all occupants / residents and/or dependants residing on the property and are over the age of 18 years of age, is less than two (2) monthly minimum wage, based on Area a Domestic Sector more than 27-hour week determination, as amended by Minister of Labour from time;</u> (b) account in respect of Basic Services and/or Assessment rates is held with Council in the name of the applicant; (c) applicant is a South African citizen or in possession of permanent residence certificate; (d) the property is used for residential purposes only; (e) municipal value of property does not exceed maximum value as determined by Council's assessment rates tariff policy; (f) <u>Council Housing Rental Stock – Rental and / or services account is held by approved occupant.</u>
<p>9.1.2 Child headed household</p> <p>Child-headed households will be treated as special cases subject to the following conditions:</p> <ul style="list-style-type: none"> (a) the normal qualifying criteria for indigent support in respect of remaining members of household is complied with; (b) the account of the deceased parents is closed; (c) the oldest child signs the user agreement assisted by appointed legal guardian in possession of "Letter of 	<p>9.1.2 Child headed household</p> <p>Child-headed households will be treated as special cases subject to the following conditions:</p> <ul style="list-style-type: none"> (a) the normal qualifying criteria for indigent support in respect of remaining members of household is complied with; (b) the account of the deceased parents is closed; (c) the oldest child signs the user agreement assisted by appointed legal guardian in possession of

<p>authority” issued by local magistrate court. Letter of authority will only be accepted during period of winding up of estate, not to exceed period of 24 months from date of issue unless proof of address can be submitted.</p> <p>(d) property is not occupied by any member other than minor dependent children of deceased owner and or tenant;</p> <p>(e) the status of the household is reviewed in terms of this policy at least on three monthly bases.</p>	<p>“Letter of authority” issued by local magistrate court. Letter of authority will only be accepted during period of winding up of estate, not to exceed period of 24 months from date of issue unless proof of address can be submitted.</p> <p>(d) property is not occupied by any member other than minor dependent children of deceased owner and or tenant;</p> <p>(e) the status of the household is reviewed in terms of this policy at least on <u>six</u> monthly bases.</p> <p style="text-align: right;">Social Health</p>
<p>9.1.3 Indigent relief will NOT be granted where the applicant, household, occupants/ residents and/or dependants residing on the property, as the case may be, -</p> <p>(a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;</p> <p>(b) where the applicant is not registered as consumer of services in the records of Council;</p> <p>(c) where the applicant own/s more than one (1) property, registered individually or jointly;</p> <p>(d) where the applicant rent/s or subleases his property or part thereof to any third party during the duration of the grant period; or</p> <p>(e) applicant tampers or illegally connects or reconnects services prior to this application, until such time as the total costs, penalties, other fees, illegal consumption and any</p>	<p>9.1.3 Indigent relief will NOT be granted where the applicant, household, occupants/ residents and/or dependants residing on the property, as the case may be, -</p> <p>(a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;</p> <p>(b) where the applicant <u>is not the registered consumer of services</u> in the records of Council;</p> <p>(c) where the applicant own/s more than one (1) property, registered individually or jointly <u>within area of jurisdiction of Council</u>;</p> <p>(d) where the applicant rent/s or subleases his property or part thereof to any third party during the duration of the grant period; or</p> <p>(e) applicant tampers or illegally connects or reconnects services prior to this application, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the</p>

<p>applicable tariffs and rates due to the Council have been paid in full.</p>	<p>Council have been paid in full.</p> <p>Finance</p>
<p>9.2 DEEMED INDIGENT HOUSEHOLD</p> <p>Households within the following categories of properties will be deemed to be indigent households:</p> <ul style="list-style-type: none"> (a) the property is used for residential purposes only as reflected in General Valuation roll; (b) residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property; (c) municipal value of property does not exceed maximum value R 150 000. 	<p>9.2 DEEMED INDIGENT HOUSEHOLD</p> <p>Households within the following categories of properties will be deemed to be indigent households:</p> <ul style="list-style-type: none"> (a) the property is used for residential purposes only as reflected in General Valuation roll; (b) residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property; (c) municipal value of property does not exceed maximum value <u>R 150 000</u>. <p>Households within City of Ekurhuleni listed Un-Proclaimed Townships will be deemed to be indigent households, if:</p> <ul style="list-style-type: none"> (a) Property identified as Un-Proclaimed Township not registered in Deeds Office. (b) Proclaimed property is registered in name of City of Ekurhuleni and included in general valuation roll. (c) Provisional value of individual developed residential property, as determined by City of Ekurhuleni municipal value, will not exceed maximum value of R 250 000 on date of valuation. (d) Account in respect of Basic Services is held with Council in the name of the household Finance / Social Health
<p>10.1(f)</p>	<p>10.1(f) (xii) Grass and tree cutting within property in respect of registered disabled and pensioner indigent.</p>

		(xiii) Rodent and pest control within property in respect of registered disabled and pensioner indigent Social Health
13	Control measures for the distribution of indigent support (a) any resident of the municipality who is aware of malpractice may lodge an objection to the Council for granting such relief to such a person. (b) the details of all applicants and their respective households must be submitted to the Council on a quarterly basis.	13 Control measures for the distribution of indigent support (a) any resident of the municipality who is aware of malpractice may lodge an objection for <u>review by the Indigent Appeals Committee</u> for granting such relief to such a person. (b) the details of all applicants and their respective households must be submitted to the Council on a quarterly basis. (c) <u>Any person and or household registered as indigent may not sell and or change ownership of the property within period of 36 months from the date of approval of the indigent relief.</u> Social Health
15	Actions against malpractices	15 Actions against malpractices (c) <u>In the event that property is sold within period as prescribed in section 13(c) above, all accumulated debt written off on date of application will be reversed to current account. Rebates granted during approved indigent period until date of transfer will remain.</u> Finance
17	Right to appeal An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal Systems, Act 32 of 2000.	17 Right to appeal An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal Systems, Act 32 of 2000. (a) <u>The City Manager shall appoint an Indigent Appeal</u>

	<p><u>Committee that will consider all appeals.</u></p> <p>(b) <u>The City Manager will appoint the chairperson of the Indigent Appeal Committee to be a person vested in Law outside of the City's employ.</u></p> <p>(c) <u>The Indigent Appeal Committee will have to review, preside and or hear all lodged appeals within 30 working days, unless substantive facts have been provided contrary to this stipulation.</u></p> <p>(d) <u>The Appeal's committee shall consist of the following departments Health and Social Development, Finance and Corporate and Legal Services.</u></p> <p>(e) <u>All Appeals shall be lodged in a form prescribed by the Health and Social Development department and state the nature and reasons for appeal.</u></p> <p>(f) <u>Until reviewed by Indigent Appeals Committee, indigent application will remain pending and credit control actions will be suspended until appeal has been evaluated by Indigent Appeals committee.</u></p>
<p>Benoni Boksburg – No Additions Brakpan: No Additions Germiston: No Additions Kempton Park – No Additions (Note letter of authority) Springs: No additions</p>	
<ul style="list-style-type: none"> Housing rental stock unemployed people & those with income less than the two state grants to be allowed to register & be assessed accordingly. Un-proclaimed areas to be accommodated on the Policy, since they only inflate the debtors book with no collection tools. 	

6. Annexure D8 Credit Control and Debt Collection Policy (Reviewed)

Existing Policy	Revised Policy
	In accordance with the provisions of Administration

	<p>of Estates Act the executor of a Deceased Estate shall be liable for payment of all debts on the property.</p> <p>It remains the sole responsibility of the occupiers to inform the Municipality that the property forms part of a deceased estate and the Municipality may refuse services until an executor has been appointed.</p> <p>Occupiers of property in a deceased estate where neither an executor nor administrator has been appointed, may be required to sign a service level agreement.</p> <p style="text-align: right;">Kempton Park</p>
	<p>Certificate in terms of Section 118(1) will only be issued if all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.</p> <p>In terms of Section 118(3), an amount due for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.</p> <p>The council may institute any legal proceedings and mechanisms available to recover full outstanding debt in terms of Section 118(3) including, lodging an urgent application to interdict the sale of the property until the debt is paid in full.</p> <p>All Collection charges incurred in pursuing recovery of arrears, shall be levied against the debtors account.</p> <p>Upon transfer of a property, a new owner is not liable for debts arising before transfer from the charge upon the property under section 118(3) of the Local Government: Municipal Systems Act 32 of 2000.</p>
	<p>5.1(e)</p> <p>Where the property is owned by more than one person, each owner shall be jointly and severally liable, the one paying the other to be absolved, for all municipal debts charged on the property</p> <p style="text-align: right;">Kempton Park</p>
5.2(f)	<p>5.2(f)</p> <p>the customer shall, pending the resolution and outcome of the query, continue to make regular payments as per account statement;</p> <p>the customer shall, pending the resolution and outcome of the query, continue to make regular payments on services that are NOT in dispute PLUS the average charges for the preceding three months prior to the arising of the dispute in respect of remaining part of</p>

	account or disputed service until the resolution of that query
5.6.1 Temporary Payment Extension (a) On written application by customer, requests for payment extension in respect of outstanding debt will be considered in the following circumstances: (i) Customer account under inquiry. (ii) Customer account under dispute. (iii) Pending outcome or conclusion of court cases. (iv) Merit cases as approved by Accounting Officer or delegated official.	5.6.1 Temporary Payment Extension (a) On written application by customer, requests for payment extension in respect of outstanding debt will be considered in the following circumstances: (i) Customer account under inquiry. (ii) Customer account under dispute. (iii) Pending outcome or conclusion of court cases. (iv) Merit cases as approved by Accounting Officer or delegated official. Spirings
5.7 ARREAR ACCOUNTS (a) If a consumer fails to pay the full amount due and payable on or before the account due date, the unpaid amount is in arrears and a final demand notice shall be sent and may be hand delivered or delivered, per mail or any electronic means available, to the most recent recorded address or electronic contact address and/or number of the consumer. (b) Failure to deliver or send a final demand notice does not relieve a consumer from paying such arrears. (c) The final demand notice must contain the following: (i) the minimum amount payable, and the date by which such amount must be paid; (ii) that the consumer may conclude a debt repayment agreement with the Council for payment of the arrears amount in instalments:	5.7 ARREAR ACCOUNTS (a) If a consumer fails to pay the full amount due and payable on or before the account due date, the unpaid amount is in arrears and a final demand / Pre Termination notice shall be sent and may be hand delivered or delivered, per mail or any electronic means available, to the most recent recorded address or electronic contact address and/or number of the consumer. (b) Failure to deliver or send a final demand / Pre Termination notice does not relieve a consumer from paying such arrears. (c) The final demand / Pre Termination notice must contain the following: (i) the minimum amount payable, and the date by which such amount must be paid; (ii) that the consumer may conclude a debt repayment agreement with the Council for payment of the arrears amount in instalments;

<p>7.1(b) The Council shall hand deliver, per mail or per electronic means available, to the physical address of property or most recent recorded address or electronic contact address and / or number of such customer, a discontinuation notice informing such consumer –</p> <p>(i) that the provision of the Service will be, or has been discontinued on the date stated on the discontinuation notice;</p> <p>(ii) of the steps which can be taken to have the service reconnected;</p> <p>(iii) of the minimum amount payable to restore service.</p>	<p>7.1(b) The Council shall hand deliver, per mail or per electronic means available, to the physical address of property or most recent recorded address or electronic contact address and / or number of such customer, a Pre-termination Notice informing such consumer –</p> <p>(i) that the provision of the service will be discontinued on the date stated on the Pre-termination notice;</p> <p>(ii) of the steps which can be taken to have the service reconnected;</p> <p>(iii) of the minimum amount payable to restore Service</p>
	<p>16(d) The owner of the property remains liable and responsible for all instances of un-authorized reconnections, tampering, damage or theft of municipal service infrastructure installed on the Property.</p>

7. Annexure D11 Entity Financial Support Policy (Reviewed)

Word changing and rephrase for an enhanced understandability

8. Annexure D13 Electricity Metering for Residential & Small Business (Reviewed)

No major changes. Changes on numbering. Word editing to use more technically Correct ones and language cosmetic changes for an enhanced understanding of Content.

9. Annexure D14 Policy for Vending of Prepaid electricity (Reviewed)

No major changes. Word changes.
Change from only three system meter stores to four meter

10. Annexure D15 Policy for Correction of Meter Reading and Billing (Reviewed)

No major changes. Addition of some phrases to enhance understanding.

11. Annexure D16 Electricity Tariff Policy (Reviewed)

Minor changes. Language editing for the inclusion of technical words and phrases to enhance understanding.

12. Annexure D17 Virement Policy (Reviewed)

Policy reviewed to comply with municipal Standard Chart of Accounts

2.5 Overview of budget assumptions

2.5.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro-economic targets.
- The general inflationary outlook and the impact on the metro's residents and businesses.
- The impact of municipal cost drivers.
- The increase in prices for bulk electricity and water.
- The increase in the cost of remuneration.

The inflation outlook for the MTREF is as follows:

In terms of National Treasury Budget Circular No. 99 dated 07 March 2018 municipalities were advised to take the following macro-economic forecasts into consideration:

Fiscal year	2016/17 Actual	2017/18 Estimate	2018/19 Forecast	2019/20	2020/21
CPI Inflation	6.3%	5.3%	5.3%	5.4%	5.5%
Real GDP growth	1.6%	1.0%	1.5%	1.8%	2.1%

2.5.2 Credit rating outlook

Table 37 Credit rating outlook

Security class	Currency	Rating	Annual rating 2016/2017	Previous rating
Short-term	Rand	Moody's	P-1.za	P-1.za
Long-term	Rand	Moody's	Aaa.za	Aaa.za
Outlook	Rand	Moody's	Under review*	Negative

The rating definitions are:

- Short-term: Prime – 1 (highest quality)
Short-term Debt Ratings (maturities of less than one year)
- Long-term: Aa2za
Defined as high grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.
- Senior unsecured debt (rating attached to municipal bond programme): Aa2za
Defined as high grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.
- Long-term: Aa3.za
Defined as high grade: "Aa" rated are judged to be of high quality and subject to very low risk for long-term debt and the best ability to repay short-term debt.
- Long-term: A1.za

Defined as high grade: “A” rated are judged to be of upper medium grade and subject to very low risk for long-term debt and the best ability to repay short-term debt.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City have a R8 billion Domestic Medium-term Note Programme registered with Johannesburg Stock Exchange which was applicable to last six financial years for the capital expenditure funding and formed the basis of the borrowings programme. For the 2018/19 the council approved external funding for R3.4 billion which will be drawn down from the existing Domestic Medium-term Note programme. It is based on the assumption that borrowings are undertaken using fixed interest rates (assumed at 10.5% p.a.) for external funding requiring semi-annual interest payments for a bullet facility or semi-annual capital and interest repayments for a mortising facility.

2.5.4 Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (94%) of annual billings. Cash flow is assumed to be 94% of billings. No provision has been made for increased collection of arrear debt and any revenue yielded from this will be used to strengthen the liquidity position of the City.

2.5.5 Growth or decline in tax base of the municipality

Growth projections – growth projections refer to the increase in the number of units consumed for the service. It does not refer to the increase in the tariff, nor does it reflect the total increase in income. It is expressed as a percentage which represents the percentage increase in units consumed. Growth projections are determined per service which is driven by service specific trends. Electricity, as an example, is predicting a 0%-growth rate due to the various energy efficiency initiatives. The individual growth rates are:

- Assessment rates: 1%
- Electricity: 0%
- Water: 1%
- Sanitation: 1%
- Solid Waste: 1%

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing ‘households’ is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the ‘poor household’ limits consumption to the level of FBS.

2.5.6 Salary increases

The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council the city has made a provision of 7% on employee related costs.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- National Development Plan addressing inter alia economic growth and job creation.
- Enhancing education and skills development.
- Improving health services.
- Rural development and agriculture.
- Fighting crime and corruption.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95% is achieved on operating expenditure and 95% on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term Outlook: Operating Revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The metro derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development.
- Revenue management and enhancement.
- Achievement of a 94% annual collection rate for consumer revenue.
- National Treasury guidelines.
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval.
- Achievement of full cost recovery of specific user charges.
- Determining tariff escalation rate by establishing/calculating revenue requirements.
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).
- The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers, aligned to the economic forecasts.

The proposed tariff increases for the 2018/19 MTREF on the different revenue categories are:

Table 38 Proposed tariff increases over the MTREF

Revenue category	2018/19 Proposed tariff increase	2019/20Proposed tariff increase	2020/21Proposed tariff increase
	%	%	%
Property rates	6.9	7.5	7.5
Sanitation	9.00	9.0	9.0
Refuse removal	7.5	7.5	7.5
Water	12.96	10	10
Electricity	5.23 - 8.5	8.5	8.5
Bulk purchases	7.32	10.0	10.0

The following table is a detailed analysis of the methodology in the calculation of the income rates and services:

Table 39 Detailed Budget Assumption for services

INCREASE IN SERVICES INCOME	2017/2018 Approved	2018/2019 Proposed	2019/2020 Proposed	2018/2019 Proposed
Base Adjustment/ Efficiency Adjustment				
- Assessment Rates Income	12.00%	0.00%	0.00%	0.00%
- Electricity Sales	-0.74%	-1.24%	0.00%	0.00%
- Water Sales	0.00%	4.11%	-0.24%	-0.24%
- Sanitation Sales	0.00%	8.66%	0.00%	0.00%
- Refuse Removal	-0.90%	-0.93%	0.00%	0.00%
Growth in Consumption of Services				
- Assessment Rates Income	0.9%	1.00%	1.00%	1.00%
- Electricity Sales	0.0%	0.00%	0.00%	0.00%
- Water Sales	0.9%	1.00%	1.00%	1.00%
- Sanitation Sales	0.9%	1.00%	1.00%	1.00%
- Refuse Removal	0.9%	1.00%	1.00%	1.00%
Tariff Increases				
- Assessment Rates Income	0.0%	6.90%	7.50%	7.50%
- Electricity Sales	1.88%	6.35%	8.50%	8.50%
- Water Sales	10.0%	12.96%	10.00%	10.00%
- Sanitation Sales	9.0%	9.00%	9.00%	9.00%
- Refuse Removal	7.5%	7.50%	7.50%	7.50%
Total Income Increases				
- Assessment Rates Income	12.9%	7.90%	8.50%	8.50%
- Electricity Sales	1.14%	5.11%	8.50%	8.50%
- Water Sales	10.9%	18.07%	10.76%	10.76%
- Sanitation Sales	9.9%	18.66%	10.00%	10.00%
- Refuse Removal	7.5%	7.57%	8.50%	8.50%
Bulk purchase increase				
- Electricity	1.16%	7.32%	10.00%	10.00%
- Water	9.2%	12.96%	11.00%	11.00%
- Sanitation	11.58%	9.00%	10.00%	10.00%

The tables below provide detailed investment information and investment particulars by maturity.

Table 40 MBRR SA15 – Detailed Investment Information

EKU Ekurhuleni Metro - Supporting Table SA15 Investment particulars by type									
Investment type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	136,833	147,225	116,916	1,180,310	1,208,082	1,208,082	1,008,251	695,849	356,697
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	856,741	1,091,626	1,349,011	1,619,556	1,619,556	1,619,556	1,974,183	2,297,497	1,181,035
Municipality sub-total	997,574	1,242,851	1,469,928	2,803,866	2,831,638	2,831,638	2,986,434	2,997,347	1,541,732
Consolidated total:	997,574	1,242,851	1,469,928	2,803,866	2,831,638	2,831,638	2,986,434	2,997,347	1,541,732

Table 41 MBRR SA16 – Investment particulars by maturity

EKU Ekurhuleni Metro - Supporting Table SA16 Investment particulars by maturity											
Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ^a	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months										
Parent municipality											
Absa Bank	3 Months	Fixed deposit	Yes	Fixed	0.0735	No	None	20.03.2017	39,768		39,768
Investec Bank (30000383748)	Month to Month	Call deposit	Yes	Fixed	0.055	No	None	On call	42,830		42,830
- Structured	9 Years	Fixed deposit	Yes	Fixed	0.092278	No	None	01.03.2021	366,626	58,158	424,784
Stanlib	Month to Month	Money Market	Yes	Variable	Variable	No	None	On call	4,400		4,400
Sanlam	On call	Fund managing	Yes	Variable	Variable	No	None	On call	137		137
Rand Merchant Bank (338)	15 Years	Guaranteed Trus	Yes	Fixed	0.1325	No	None	On call	4,454		4,454
RU500456214	12 years	Money Market	Yes	Fixed	0.0607	No	None	Unit Trust	33,027		33,027
'356	18 Years	Guaranteed Trus	Yes	Fixed	0.1476	No	None	28.12.2017	23,776		23,776
'50619016740	10 Years	structured depos	Yes	Fixed	0.0923	No	None	28.07.2020	415,227	57,539	472,766
NedBank	12 Years	structured depos	Yes	Fixed	0.0824	No	None	01.05.2024	377,821	49,571	427,392
NedBank	3 Months	Call deposit	Yes	Variable	0.0785	No	None	On call	1,258,824	-	1,258,824
											-
Municipality sub-total									2,566,891	165,268	2,732,159
Entities											
Rand Airport		Shareholding	Yes	Variable	Variable	No	None	Shareholding	4,000		4,000
Entities sub-total									4,000	-	4,000
TOTAL INVESTMENTS AND INTEREST									2,570,891	165,268	2,736,159

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 42 Sources of capital revenue over the MTREF

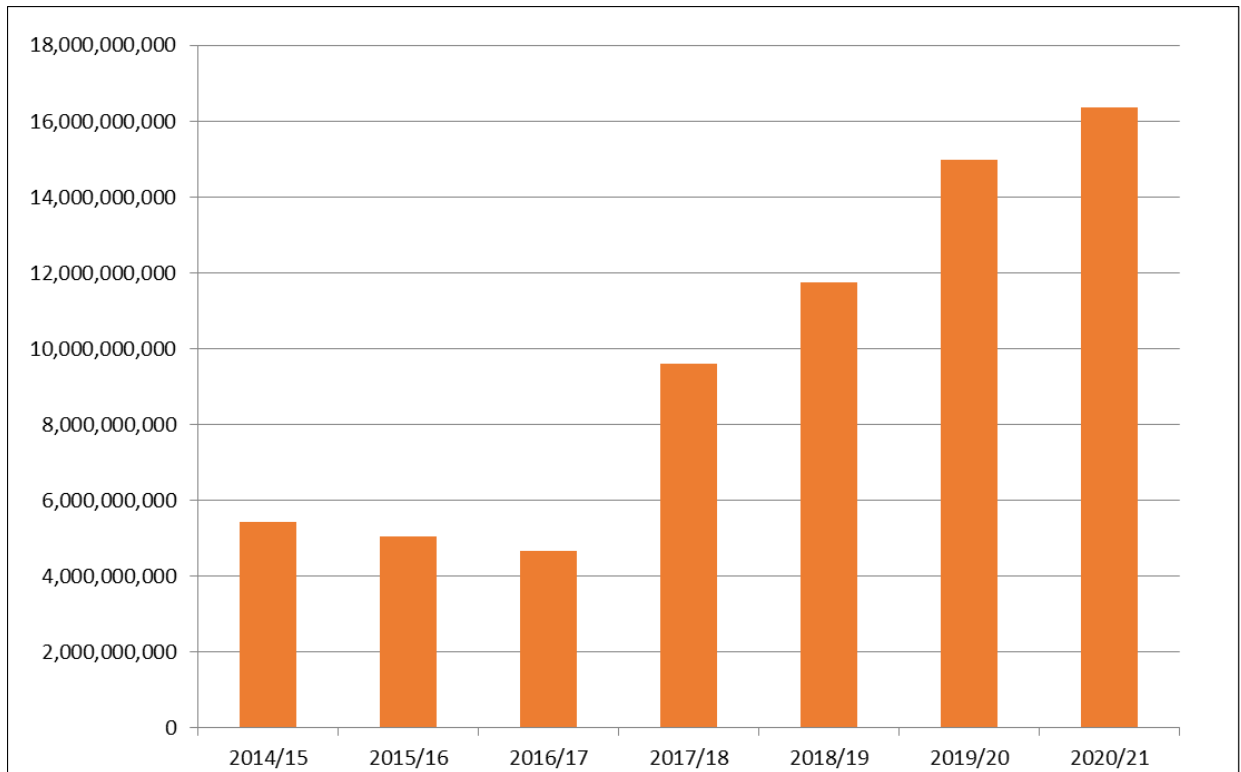
2018/19 - 2020/21 MULTI YEAR CAPITAL BUDGET - PER SOURCES OF FINANCE								
Source Of Finance	Adjusted Budget 2017/18	%	Budget Year 2018/19	%	Budget Year 2019/20	%	Budget Year 2020/21	%
Energy Efficiency & Demand Side Management (EEDMS)	12,000,000	0.18%	14,000,000	0.20%	13,065,000	0.18%	15,000,000	0.21%
External Loans	3,170,216,164	47.50%	3,590,944,096	52.01%	3,816,221,893	53.52%	3,549,888,833	50.30%
Integrated City Development Grant (ICDG)	48,646,000	0.73%	45,537,000	0.66%	48,375,000	0.68%	51,069,000	0.72%
Integrated National Electrification Programme (INEP)	40,000,000	0.60%	45,000,000	0.65%	38,000,000	0.53%	32,000,000	0.45%
Neighborhood Development Partnership Grant (NDPG)	102,574,000	1.54%	75,262,000	1.09%	42,190,000	0.59%	72,800,000	1.03%
SRAC Provincial Grant	9,089,940	0.14%	8,700,000	0.13%	9,000,000	0.13%	9,000,000	0.13%
Public Transport Network Grant (PTNG)	580,718,000	8.70%	478,048,000	6.92%	445,521,000	6.25%	471,716,000	6.68%
Revenue	905,612,248	13.57%	976,096,050	14.14%	957,342,835	13.43%	994,007,698	14.08%
Urban Settlement Development Grant (USDG)	1,492,894,896	22.37%	1,535,121,575	22.23%	1,635,766,361	22.94%	1,734,530,605	24.58%
Wi-Fi Connectivity-National Grant	201,078	0.00%		0.00%		0.00%		0.00%
Entities Internal Funds	261,504,071	3.92%	85,503,889	1.24%	75,513,215	1.06%	77,503,182	1.10%
ERWAT USDG Grant	50,000,000	0.75%	50,000,000	0.72%	50,000,000	0.70%	50,000,000	0.71%
BBC Grant	1,200,000	0.02%	-	0.00%		0.00%		0.00%
Total	6,674,656,397	100%	6,904,212,610	100%	7,130,995,304	100%	7,057,515,318	100%

Table 43 MBRR Table SA17 - Detail of borrowings

EKU Ekurhuleni Metro - Supporting Table SA17 Borrowing									
Borrowing - Categorised by type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Parent municipality</u>									
Annuity and Bullet Loans	820,930	821,189	755,963	439,681	439,681	439,681	2,317,204	2,972,521	3,250,420
Long-Term Loans (non-annuity)	–								
Finance Granted By Cap Equipment Supplier									
Marketable Bonds	4,182,609	3,593,445	3,308,022	7,500,520	9,164,616	7,848,446	8,925,799	11,569,340	12,715,147
Other Securities									
Municipality sub-total	5,003,539	4,414,634	4,063,985	7,940,201	9,604,298	8,288,128	11,243,003	14,541,861	15,965,567
<u>Entities</u>									
Annuity and Bullet Loans									
Long-Term Loans (non-annuity)	405,356	633,309	605,363	498,644	–	498,644	499,083	444,088	391,367
Local registered stock									
Instalment Credit									
Financial Leases	3,035	2,912							
PPP liabilities									
Other Securities									
Entities sub-total	408,391	636,221	605,363	498,644	–	498,644	499,083	444,088	391,367
Total Borrowing	5,411,930	5,050,855	4,669,348	8,438,845	9,604,298	8,786,772	11,742,086	14,985,949	16,356,934

The following graph illustrates the growth in outstanding borrowing for the 2014/15 to 2020/21 period.

Figure 5 Growth in outstanding borrowing (long-term liabilities)



Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash-backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash-backed reserves and accumulated funds reconciliation, as discussed below.

Table 44 MBRR Table SA18 - Capital transfers and grant receipts

The following table illustrates the capital grants for 2018/19 to 2020/21 financial year:

EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	2,387,871	2,576,154	3,114,230	5,033,595	5,118,098	5,118,098	5,559,028	5,936,579	6,403,093
Equitable Share	2,042,951	2,181,182	2,381,367	2,719,861	2,719,861	2,719,861	3,145,138	3,478,292	3,848,841
Expanded Public Works Programme Integrated Grant for Municipalities	6,422	13,709	22,125	44,718	44,718	44,718	25,054	–	–
Local Government Financial Management Grant [Schedule 5B]	1,250	1,050	1,050	1,050	1,050	1,050	1,000	1,000	1,000
Provincial Disaster Recovery Grant [Schedule 5B]	–	–	–	–	–	–	–	–	–
Public Transport Network Operations Grant [Schedule 5B]	10,000	30,000	40,000	40,000	120,000	120,000	216,592	233,631	244,790
Revenue Enhancement Grant: Debtors Book	–	–	–	–	–	–	–	–	–
RSC Levy Replacement	–	–	–	1,694,256	1,694,256	1,694,256	1,734,629	1,787,470	1,857,039
Integrated City Development Grant	40,323	43,194	–	–	–	–	–	–	–
Urban Settlement Development Grant	234,551	292,706	669,688	533,710	538,213	538,213	436,615	436,186	451,423
Urban Settlement Development Grant [Schedule 4B]	–	–	–	–	–	–	–	–	–
Municipal Human Settlements Capacity	52,374	14,313	–	–	–	–	–	–	–
Provincial Government:	270,384	400,619	294,477	347,328	358,344	358,344	333,985	352,955	354,055
Agricultural Research and Technology	560	223	–	–	16	16	–	–	–
Disaster and Emergency Services	136,040	143,043	150,624	158,155	158,155	158,155	167,328	176,698	176,698
Housing	6,546	99,447	–	41,203	51,203	51,203	–	–	–
Libraries Archives and Museums	4,200	6,404	7,000	4,800	5,393	5,393	5,000	5,500	6,000
Primary Health Care	123,038	129,933	136,853	143,170	143,577	143,577	161,657	170,757	171,357
Disaster Grant	–	21,569	–	–	–	–	–	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
Other grant providers:	7,374	1,553	9,025	25,132	25,132	25,132	25,132	25,132	25,132
National Library South Africa	–	–	–	–	–	–	–	–	–
Public Sector SETA	7,374	1,553	9,025	25,132	25,132	25,132	25,132	25,132	25,132
Total Operating Transfers and Grants	2,665,629	2,978,327	3,417,731	5,406,054	5,501,573	5,501,573	5,918,145	6,314,665	6,782,280
Capital Transfers and Grants									
National Government:	1,888,481	1,954,852	1,792,444	2,294,664	2,277,034	2,277,034	2,192,969	2,222,917	2,377,116
Integrated City Development Grant	–	–	38,078	48,646	48,646	48,646	45,537	48,375	51,069
Integrated National Electrification Programme	61,000	50,000	40,000	40,000	40,000	40,000	45,000	38,000	32,000
Neighbourhood Development Partnership	–	20,000	68,700	82,000	102,574	102,574	75,262	42,190	72,800
Public Transport Network Grant	240,000	309,296	410,002	660,718	580,718	580,718	478,048	445,521	471,716
Urban Settlement Development Grant	1,569,981	1,550,181	1,220,664	1,451,300	1,492,895	1,492,895	1,535,122	1,635,766	1,734,531
WiFi Connectivity	–	7,375	–	–	201	201	–	–	–
Energy Efficiency Demand Side Management Grant	17,500	18,000	15,000	12,000	12,000	12,000	14,000	13,065	15,000
Provincial Government:	1,000	31,487	25,561	9,000	9,090	9,090	8,700	9,000	9,000
Libraries Archives and Museums	1,000	3,175	6,000	9,000	9,090	9,090	8,700	9,000	9,000
Housing	–	28,312	19,561	–	–	–	–	–	–
Total Capital Transfers and Grants	1,889,481	1,986,339	1,818,005	2,303,664	2,286,124	2,286,124	2,201,669	2,231,917	2,386,116
TOTAL RECEIPTS OF TRANSFERS & GRANTS	4,555,110	4,964,666	5,235,736	7,709,719	7,787,697	7,787,697	8,119,814	8,546,583	9,168,396

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category.
- Clear separation of capital and operating receipts from government, which also enables cash from 'ratepayers and other' to be provide for as cash inflow based on actual performance. In other words, the actual collection rate of billed revenue.
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term-borrowing (debt).

Table 45 MBRR Table A7 - Budget cash flow statement

EKU Ekurhuleni Metro - Table A7 Budgeted Cash Flows										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	3,728,133	3,894,773	3,705,249	4,833,913	4,956,488	4,956,488	4,956,488	4,833,913	5,320,951	5,853,297
Service charges	14,281,853	15,102,231	17,371,752	18,823,618	17,000,772	17,000,772	17,000,772	18,823,618	20,640,636	22,634,258
Other revenue	335,254	634,583	758,661	961,196	4,031,888	4,031,888	4,031,888	3,968,520	1,167,257	1,249,213
Government - operating	3,904,523	4,345,583	4,727,763	5,406,054	5,560,233	5,560,233	5,560,233	5,406,054	5,798,706	6,261,312
Government - capital	2,038,103	2,146,788	1,788,457	2,303,664	2,303,914	2,303,914	2,303,914	2,259,169	2,281,917	2,436,116
Interest	811,907	969,054	536,303	862,113	868,607	868,607	868,607	868,670	918,329	988,558
Dividends				-	90	90	90	90	90	100
Payments										
Suppliers and employees	(18,831,069)	(20,535,349)	(24,018,108)	(25,693,764)	(26,366,573)	(26,366,573)	(26,366,573)	(27,570,356)	(29,937,488)	(32,495,279)
Finance charges	(571,556)	(600,828)	(554,861)	(753,661)	(651,361)	(651,361)	(651,361)	(992,048)	(1,076,811)	(1,156,190)
Transfers and Grants	(1,167,559)	(1,096,477)	(1,239,995)	(2,017,520)	(569,583)	(569,583)	(569,583)	(897,027)	(804,004)	(845,457)
NET CASH FROM/(USED) OPERATING ACTIVITIES	4,529,589	4,860,358	3,075,219	4,725,613	7,134,476	7,134,476	7,134,476	6,700,603	4,309,583	4,925,927
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Decrease (increase) other non-current receivables	1,578	4,089		-				-	-	-
Decrease (increase) in non-current investment	(217,242)	(245,277)	(227,076)	(242,297)	(242,297)	(242,297)	(242,297)	(52,183)	1,612,230	(4,370)
Payments										
Capital assets	(3,069,164)	(4,040,408)	(4,703,349)	(5,977,264)	(6,817,559)	(6,817,559)	(6,817,559)	(6,489,960)	(6,703,136)	(6,634,064)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(3,284,829)	(4,281,597)	(4,930,426)	(6,219,561)	(7,059,857)	(7,059,857)	(7,059,857)	(6,542,143)	(5,090,906)	(6,638,435)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Borrowing long term/refinancing	750,000			2,836,156	3,245,427	3,245,427	3,245,427	3,375,487	3,587,249	3,336,896
Increase (decrease) in consumer deposits	70,490	37,149	56,178	50,000	50,304	50,304	50,304	50,304	50,272	50,288
Payments										
Repayment of borrowing	(258,415)	(344,700)	(363,605)	(316,839)	(428,003)	(428,003)	(428,003)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	562,075	(307,551)	(307,426)	2,569,317	2,867,728	2,867,728	2,867,728	3,425,791	3,637,521	3,387,184
NET INCREASE/ (DECREASE) IN CASH HELD	1,806,836	271,210	(2,162,633)	1,075,369	2,942,348	2,942,348	2,942,348	3,584,251	2,856,197	1,674,677
Cash/cash equivalents at the year begin:	5,894,540	7,701,376	7,972,586	8,288,845	10,465,716	7,109,995	7,109,995	5,809,954	9,394,204	12,250,402
Cash/cash equivalents at the year end:	7,701,376	7,972,586	5,809,954	9,364,213	13,408,064	10,052,343	10,052,343	9,394,204	12,250,402	13,925,078

2.6.4 Cash-backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with Sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are these funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with Section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with Section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 46 MBRR Table A8 – Cash-backed reserves/accumulated surplus reconciliation

EKU Ekurhuleni Metro - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				Medium Term Revenue & Expenditure Forecast		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available										
Cash/cash equivalents at the year end	7,701,376	7,972,586	5,809,954	9,364,213	13,408,064	10,052,343	10,052,343	9,394,204	12,250,402	13,925,078
Other current investments > 90 days	115,978	147,021	116,917	143,070	160,289	160,289	160,289	4,368,660	5,993,130	4,412,854
Non current assets - Investments	881,596	1,095,831	1,353,011	2,660,797	2,671,350	2,671,350	2,671,350	2,860,164	1,246,607	1,371,267
Cash and investments available:	8,698,950	9,215,438	7,279,881	12,168,080	16,239,703	12,883,981	12,883,981	16,623,028	19,490,138	19,709,200
Application of cash and investments										
Unspent conditional transfers	553,046	433,286	113,409	–	12,683	12,683	12,683	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–	–
Statutory requirements										
Other working capital requirements	887,317	1,240,176	1,536,589	3,108,271	2,682,659	1,413,862	1,413,862	2,757,598	3,446,079	3,710,581
Other provisions	743,849	946,711	834,046	924,856	924,856	924,856	924,856	973,873	1,026,462	1,081,891
Long term investments committed	856,741	1,091,626	1,349,011	1,091,626	1,091,626	1,091,626	1,091,626	1,349,011	1,606,396	1,863,781
Reserves to be backed by cash/investments	1,005,015	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:	4,045,967	3,711,799	3,833,055	5,124,753	4,711,825	3,443,028	3,443,028	5,080,482	6,078,937	6,656,254
Surplus(shortfall)	4,652,983	5,503,638	3,446,826	7,043,327	11,527,878	9,440,953	9,440,953	11,542,546	13,411,201	13,052,946

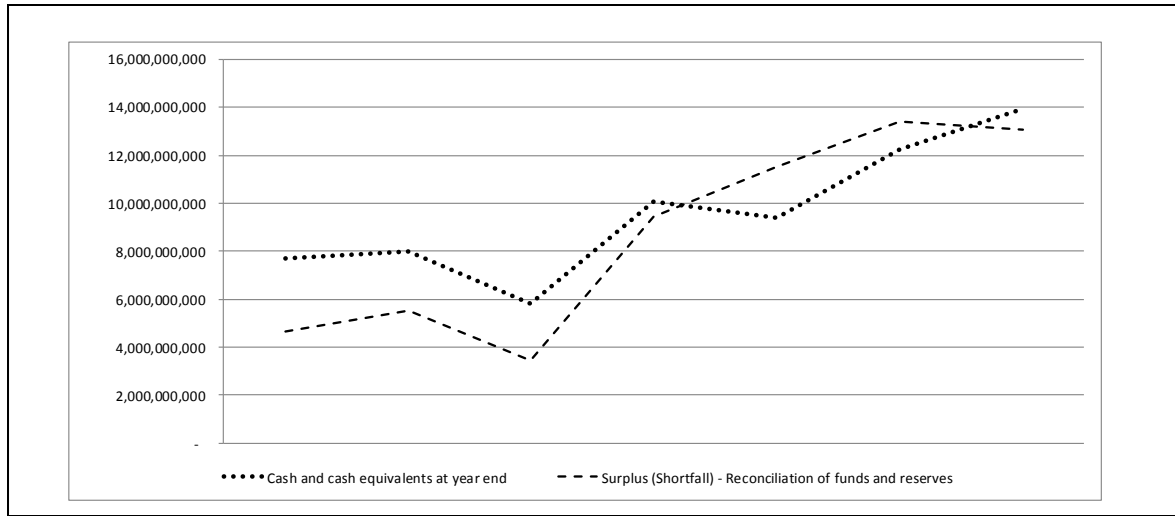
From the above table and the discussion of Table A8 on page it can be seen that the cash and investments available will increase to R19.7 billion by 2020/21, which includes the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions meaning revenue is only recognised when the conditions are met. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national and provincial revenue fund at the end of the financial year. In the past unspent funds had been allowed to be 'rolled-over' and be spent in the next financial year, but with the priorities like "fees must fall" the practise is slowly phasing away therefore there is not guarantee to retain unspent conditional.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. For the purpose of the cash-backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 90 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the metro to meet its creditor obligations.
- Long-term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long-term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash-backing policy. These include the rehabilitation of landfill sites and quarries.

For the current year a cash surplus is forecasted and for future years an increase of surplus cash is predicted as indicated on the above table. In conclusion, from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible for the MTREF. The challenge for the metro will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash-backed reserves/accumulated funds reconciliation over a seven-year perspective.

Figure 6 Cash and cash equivalents / Cash-backed reserves and accumulated funds



2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against 14 different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 47 MBRR SA10 – Funding compliance measurement

Eku Ekurhuleni Metro Supporting Table SA10 Funding measurement										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures										
Cash/cash equivalents at the year end - R'000	7,701,376	7,972,586	5,809,954	9,364,213	13,408,064	10,052,343	10,052,343	9,394,204	12,250,402	13,925,078
Cash + investments at the yr end less applications - R'000	4,652,983	5,503,638	3,446,826	7,043,327	11,527,878	9,440,953	9,440,953	11,539,925	13,408,148	13,049,124
Cash year end/monthly employee/supplier payments	4.4	4.2	2.8	4.0	5.7	4.3	4.3	3.6	4.4	4.6
Surplus/(Deficit) excluding depreciation offsets: R'000	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,320,318	2,284,618	2,438,600
Service charge rev % change - macro CPIX target exclusive	N.A.	(0.6%)	2.2%	1.0%	(5.9%)	(6.0%)	(6.0%)	2.1%	3.1%	3.1%
Cash receipts % of Ratepayer & Other revenue	86.7%	87.6%	91.0%	92.0%	97.3%	97.3%	97.3%	95.7%	86.3%	86.9%
Debt impairment expense as a % of total billable revenue	11.1%	6.8%	11.4%	6.4%	5.5%	5.5%	5.5%	5.5%	5.5%	5.4%
Capital payments % of capital expenditure	100.0%	98.7%	100.0%	89.0%	103.0%	108.4%	108.4%	94.0%	94.0%	94.0%
Borrowing receipts % of capital expenditure (excl. transfers)	52.8%	0.0%	0.0%	65.1%	74.9%	78.9%	78.9%	72.6%	74.0%	72.2%
Grants % of Govt. legislated/gazetted allocations								101.9%	101.1%	101.1%
Current consumer debtors % change - incr(decr)	N.A.	19.5%	(7.1%)	(16.8%)	4.3%	0.0%	0.0%	(17.3%)	0.8%	1.7%
Long term receivables % change - incr(decr)	N.A.	38.5%	(54.7%)	59.2%	644.6%	(86.6%)	0.0%	(87.2%)	5.0%	(5.0%)
R&M % of Property Plant & Equipment	2.9%	3.5%	4.1%	4.2%	3.9%	3.9%	4.4%	4.0%	4.1%	4.2%
Asset renewal % of capital budget	41.2%	47.1%	47.7%	49.3%	48.3%	50.8%	0.0%	72.2%	79.4%	82.1%

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EKU Ekurhuleni Metro Supporting Table SA10 Funding measurement										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Supporting indicators										
% incr total service charges (incl prop rates)		5.4%	8.2%	7.0%	0.1%	0.0%	0.0%	8.1%	9.1%	9.1%
% incr Property Tax		6.9%	2.7%	25.0%	2.9%	0.0%	0.0%	7.8%	8.7%	8.7%
% incr Service charges - electricity revenue		5.4%	9.1%	1.6%	(0.3%)	0.0%	0.0%	5.0%	8.5%	8.5%
% incr Service charges - water revenue		8.3%	5.5%	5.9%	(2.2%)	0.0%	0.0%	17.2%	11.2%	11.2%
% incr Service charges - sanitation revenue		4.9%	5.2%	21.1%	0.0%	0.0%	0.0%	18.6%	10.0%	10.0%
% incr Service charges - refuse revenue		(7.6%)	32.5%	0.5%	0.0%	0.0%	0.0%	4.6%	8.5%	8.5%
% incr in Service charges - other		(1.6%)	(13.5%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	19,997,845	21,077,114	22,799,959	24,397,911	24,425,240	24,425,240	24,425,240	26,401,856	28,792,228	31,401,337
Service charges	19,997,845	21,077,114	22,799,959	24,397,911	24,425,240	24,425,240	24,425,240	26,401,856	28,792,228	31,401,337
Property rates	3,693,387	3,946,659	4,053,558	5,066,264	5,210,905	5,210,905	5,210,905	5,615,665	6,102,838	6,632,159
Service charges - electricity revenue	11,215,634	11,826,299	12,906,311	13,112,247	13,075,760	13,075,760	13,075,760	13,732,952	14,902,317	16,171,284
Service charges - water revenue	2,970,665	3,217,167	3,395,581	3,594,817	3,513,993	3,513,993	3,513,993	4,119,535	4,580,143	5,092,126
Service charges - sanitation revenue	1,005,144	1,054,668	1,109,672	1,344,228	1,344,228	1,344,228	1,344,228	1,594,808	1,754,269	1,929,676
Service charges - refuse removal	1,040,979	961,447	1,273,529	1,280,355	1,280,355	1,280,355	1,280,355	1,338,897	1,452,661	1,576,092
Service charges - other	72,037	70,873	61,307	–	–	–	–	–	–	–
Rental of facilities and equipment	62,455	59,256	67,521	118,429	118,429	118,429	118,429	127,763	134,596	141,799
Capital expenditure excluding capital grant funding	1,421,722	1,947,602	2,913,578	4,356,292	4,332,532	4,115,906	4,115,906	4,652,544	4,849,078	4,621,400
Cash receipts from ratepayers	18,345,240	19,631,588	21,835,661	24,618,727	25,989,149	25,989,149	25,989,149	27,626,051	27,128,843	29,736,768
Ratepayer & Other revenue	21,171,546	22,403,505	24,007,819	26,750,001	26,705,638	26,705,638	26,705,638	28,880,648	31,448,339	34,235,852
Change in consumer debtors (current and non-current)	814,617	1,003,346	(441,187)	(957,923)	(721,283)	(753,347)	(753,347)	(653,954)	34,253	69,974
Operating and Capital Grant Revenue	5,760,183	6,612,130	6,836,096	7,790,012	7,933,990	7,933,990	7,933,990	8,273,518	8,644,256	9,268,953
Capital expenditure - total	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,289,078	6,904,213	7,130,995	7,057,515
Capital expenditure - renewal	1,263,430	1,928,851	2,240,835	3,307,682	3,196,060	3,196,060		4,987,394	5,662,535	5,792,240
Supporting benchmarks										
Growth guideline maximum	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline	4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY								5,559,028	5,936,579	6,403,093
DoRA capital grants total MFY								2,192,969	2,222,917	2,377,116
Provincial operating grants								333,985	352,955	354,055
Provincial capital grants								8,700	9,000	9,000
District Municipality grants								25,132	25,132	25,132
Total gazetted/advised national, provincial and district grants								8,119,814	8,546,583	9,168,396

Eku Ekurhuleni Metro Supporting Table SA10 Funding measurement										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Operating Revenue	25,573,029	27,501,101	29,591,762	32,635,615	32,752,771	32,752,771	32,752,771	35,317,657	38,254,245	41,534,420
Total Operating Expenditure	25,393,075	27,676,848	30,128,249	32,584,827	32,701,983	32,701,983	32,701,983	35,256,508	38,251,545	41,531,936
Operating Performance Surplus/(Deficit)	179,954	(175,747)	(536,487)	50,788	50,788	50,788	50,788	61,149	2,701	2,484
Cash and Cash Equivalents (30 June 2012)								9,394,204		
Revenue										
% Increase in Total Operating Revenue		7.5%	7.6%	10.3%	0.4%	0.0%	0.0%	7.8%	8.3%	8.6%
% Increase in Property Rates Revenue		6.9%	2.7%	25.0%	2.9%	0.0%	0.0%	7.8%	8.7%	8.7%
% Increase in Electricity Revenue		5.4%	9.1%	1.6%	(0.3%)	0.0%	0.0%	5.0%	8.5%	8.5%
% Increase in Property Rates & Services Charges		5.4%	8.2%	7.0%	0.1%	0.0%	0.0%	8.1%	9.1%	9.1%
Expenditure										
% Increase in Total Operating Expenditure		9.0%	8.9%	8.2%	0.4%	0.0%	0.0%	7.8%	8.5%	8.6%
% Increase in Employee Costs		13.4%	(4.5%)	33.1%	(1.2%)	0.0%	0.0%	9.4%	9.2%	9.4%
% Increase in Electricity Bulk Purchases		14.1%	8.1%	(0.6%)	1.1%	0.0%	0.0%	7.9%	10.0%	9.0%
Average Cost Per Budgeted Employee Position (Remuneration)			311160.075	380331.669				390420.7065		
Average Cost Per Councillor (Remuneration)			535466.445	581767.3214				674383.0223		
R&M % of PPE	2.9%	3.5%	4.1%	4.2%	3.9%	3.9%		4.0%	4.1%	4.2%
Asset Renewal and R&M as a % of PPE	5.0%	7.0%	8.0%	14.0%	14.0%	13.0%		13.0%	13.0%	13.0%
Debt Impairment % of Total Billable Revenue	11.1%	6.8%	11.4%	6.4%	5.5%	5.5%	5.5%	5.5%	5.5%	5.4%
Capital Revenue										
Internally Funded & Other (R'000)	450,115	1,947,602	1,613,578	921,783	973,235	924,574	924,574	1,061,600	1,032,856	1,071,511
Borrowing (R'000)	971,607	–	1,300,000	3,434,508	3,359,297	3,191,332	3,191,332	3,590,944	3,816,222	3,549,889
Grant Funding and Other (R'000)	1,647,442	2,146,263	1,788,457	2,359,664	2,287,550	2,173,172	2,173,172	2,251,669	2,281,917	2,436,116
Internally Generated funds % of Non Grant Funding	31.7%	100.0%	55.4%	21.2%	22.5%	22.5%	22.5%	22.8%	21.3%	23.2%
Borrowing % of Non Grant Funding	68.3%	0.0%	44.6%	78.8%	77.5%	77.5%	77.5%	77.2%	78.7%	76.8%
Grant Funding % of Total Funding	53.7%	52.4%	38.0%	35.1%	34.6%	34.6%	34.6%	32.6%	32.0%	34.5%
Capital Expenditure										
Total Capital Programme (R'000)	3,069,164	4,093,865	4,702,035	6,715,956	6,620,082	6,289,078	6,289,078	6,904,213	7,130,995	7,057,515
Asset Renewal	1,263,430	1,928,851	2,240,835	3,307,682	3,196,060	3,196,060	–	4,987,394	5,662,535	5,792,240
Asset Renewal % of Total Capital Expenditure	41.2%	47.1%	47.7%	49.3%	48.3%	50.8%	0.0%	72.2%	79.4%	82.1%

EKU Ekurhuleni Metro Supporting Table SA10 Funding measurement										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash										
Cash Receipts % of Rate Payer & Other	86.7%	87.6%	91.0%	92.0%	97.3%	97.3%	97.3%	95.7%	86.3%	86.9%
Cash Coverage Ratio	0	0	0	0	0	0	0	0	0	0
Borrowing										
Credit Rating (2009/10)								Aaa.za/ Prime-1.za		
Capital Charges to Operating	3.3%	4.3%	4.2%	3.4%	3.3%	3.3%	3.3%	2.8%	2.8%	2.8%
Borrowing Receipts % of Capital Expenditure	52.8%	0.0%	0.0%	65.1%	74.9%	78.9%	78.9%	72.6%	74.0%	72.2%
Reserves										
Surplus/(Deficit)	4,652,983	5,503,638	3,446,826	7,043,327	11,527,878	9,440,953	9,440,953	11,539,925	13,408,148	13,049,124
Free Services										
Free Basic Services as a % of Equitable Share	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)	6.0%	7.4%	7.4%	7.3%	7.5%	7.5%		6.5%	6.5%	6.5%
High Level Outcome of Funding Compliance										
Total Operating Revenue	25,573,029	27,501,101	29,591,762	32,635,615	32,752,771	32,752,771	32,752,771	35,317,657	38,254,245	41,534,420
Total Operating Expenditure	25,393,075	27,676,848	30,128,249	32,584,827	32,701,983	32,701,983	32,701,983	35,256,508	38,251,545	41,531,936
Surplus/(Deficit) Budgeted Operating Statement	179,954	(175,747)	(536,487)	50,788	50,788	50,788	50,788	61,149	2,701	2,484
Surplus/(Deficit) Considering Reserves and Cash Backing	4,652,983	5,503,638	3,446,826	7,043,327	11,527,878	9,440,953	9,440,953	11,539,925	13,408,148	13,049,124
MTREF Funded (1) / Unfunded (0)	1	1	1	1	1	1	1	1	1	1
MTREF Funded v/ Unfunded V	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.6.5.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF, would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the Medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA, which deals with the repayment of short-term debt at the end of the financial year. The forecasted cash and cash equivalents for the MTREF shows R9.3 billion, R12.2 billion and R13.9 billion for each respective MTREF financial years.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detailed reconciliation of the cash-backed reserves/surpluses is contained in Table 28, on page 68. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash inflow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the metro to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. During the MTREF the municipality's improving cash position causes the ratio between 4.4 and 5.5 over the MTREF period.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium-term. For the MTREF the indicative outcome is a surplus of R1.6 million, R2.7 million and R2.4 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is expected to be at 94% this measure and performance objective will have to be meticulously managed.

A 94% collection target has been set for the city.

2.6.5.6 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It should be noted that a timing discount may have an influence on the cash position forecasted over financial years. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.8 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 72.6%, 74% and 72.2% of own funded capital over the MTREF.

2.6.5.9 Transfers/grants revenue as a percentage of government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act have been budgeted for. The City has budgeted for all transfers.

2.6.5.10 Consumer debtors change (current and non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor, the change in current debtors and the change in long-term receivables, both from the Budgeted Financial Position.

2.6.5.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium- to long-term because the revenue budget is not being protected. Details of the City's strategy pertaining to asset management and repairs and maintenance are contained in Table 92 MBRR SA34c - repairs and maintenance expenditure by asset class on page 277.

2.6.5.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed Capital Budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 91 MBRR SA34b on page 276.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 48 MBRR SA19 - Expenditure on transfers and grant programmes

EKU Ekurhuleni Metro - Supporting Table SA19 Expenditure on transfers and grant programme									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	2,329,575	2,600,651	3,042,125	5,033,595	5,118,098	5,118,098	5,559,028	5,936,579	6,403,093
Local Government Equitable Share	2,042,951	2,181,182	2,381,367	2,719,861	2,719,861	2,719,861	3,145,138	3,478,292	3,848,841
Expanded Public Works Programme Integrated Grant	6,422	13,709	22,123	44,718	44,718	44,718	25,054	–	–
Local Government Financial Management Grant [Schedule 5]	1,250	1,050	1,050	1,050	1,050	1,050	1,000	1,000	1,000
Public Transport Network Operations Grant [Schedule 5]	5,370	28,455	780	40,000	120,000	120,000	216,592	233,631	244,790
Integrated City Development Grant	48,380	41,634	–	–	–	–	–	–	–
RSC Levy Replacement	–	–	–	1,694,256	1,694,256	1,694,256	1,734,629	1,787,470	1,857,039
Urban Settlement Development Grant	223,646	307,571	629,649	533,710	538,213	538,213	436,615	436,186	451,423
Municipal Human Settlements Capacity Grant	1,556	27,051	7,156	–	–	–	–	–	–
Provincial Government:	306,473	334,854	328,780	347,328	358,344	358,344	333,985	352,955	354,055
Agricultural Research and Technology	1,339	462	200	–	16	16	–	–	–
Housing	42,148	40,984	27,352	41,203	51,203	51,203	–	–	–
Disaster and Emergency Services	136,040	143,043	150,624	158,155	158,155	158,155	167,328	176,698	176,698
Primary Health Care	123,038	129,918	136,853	143,170	143,577	143,577	161,657	170,757	171,357
Disaster Grant	–	14,007	7,553	–	–	–	–	–	–
Libraries Archives and Museums	3,908	6,440	6,199	4,800	5,393	5,393	5,000	5,500	6,000
Other grant providers:	7,374	1,553	9,025	25,132	25,132	25,132	25,132	25,132	25,132
Public Sector SETA	7,374	1,553	9,025	25,132	25,132	25,132	25,132	25,132	25,132
World Bank	–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:	2,643,422	2,937,058	3,379,930	5,406,054	5,501,573	5,501,573	5,918,145	6,314,665	6,782,280

EKU Ekurhuleni Metro - Supporting Table SA19 Expenditure on transfers and grant programme									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:									
Capital expenditure of Transfers and Grants									
National Government:	1,642,429	2,118,921	1,633,941	2,294,664	2,277,034	2,277,034	2,192,969	2,222,917	2,377,116
Energy Efficiency and Demand-side	16,997	17,808	15,000	12,000	12,000	12,000	14,000	13,065	15,000
Integrated City Development Grant	–	–	37,506	48,646	48,646	48,646	45,537	48,375	51,069
Integrated National Electrification Programme	60,925	49,755	39,900	40,000	40,000	40,000	45,000	38,000	32,000
Neighbourhood Development Partnership Grant	–	20,000	36,366	82,000	102,574	102,574	75,262	42,190	72,800
Public Transport Infrastructure Grant	289,531	294,079	383,401	–	–	–	–	–	–
Public Transport Network Grant	–	–	–	660,718	580,718	580,718	478,048	445,521	471,716
Municipal Human Settlement Capacity Grant		1,135							
WIFI Connectivity		5,526			201	201			
Urban Settlement Development Grant	1,274,977	1,730,618	1,121,768	1,451,300	1,492,895	1,492,895	1,535,122	1,635,766	1,734,531
Provincial Government:	4,657	27,342	29,136	9,000	9,090	9,090	8,700	9,000	9,000
Housing	4,657	24,715	23,159				–	–	–
Libraries; Archives and Museums	–	2,628	5,977	9,000	9,090	9,090	8,700	9,000	9,000
Total capital expenditure of Transfers and Grants	1,647,087	2,146,263	1,663,076	2,303,664	2,286,124	2,286,124	2,201,669	2,231,917	2,386,116
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	4,290,509	5,083,321	5,043,006	7,709,719	7,787,697	7,787,697	8,119,814	8,546,583	9,168,396

Table 49 MBRR SA20 - Reconciliation between transfers, grant receipts and unspent funds

EKU Ekurhuleni Metro - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds									
Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	54,767	152,219	42,445		4,503				
Current year receipts	2,427,027	2,490,877	3,044,557	3,339,339	3,419,339	3,423,842	5,559,028	5,936,579	6,403,093
Conditions met - transferred to revenue	2,329,575	2,600,651	3,042,125	3,339,339	3,423,842	3,423,842	5,559,028	5,936,579	6,403,093
Conditions still to be met - transferred to liabilities	152,219	42,445	44,876						
Provincial Government:									
Balance unspent at beginning of the year	125,766	8,411	74,304		609				
Current year receipts	196,492	402,300	295,338	372,460	382,867	383,475	333,985	352,955	354,055
Conditions met - transferred to revenue	313,847	336,407	337,804	372,460	383,475	383,475	333,985	352,955	354,055
Conditions still to be met - transferred to liabilities	8,411	74,304	31,838						
Current year receipts							25,132	25,132	25,132
Conditions met - transferred to revenue	—	—	—	—	—	—	25,132	25,132	25,132
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	2,643,422	2,937,058	3,379,930	3,711,798	3,807,317	3,807,317	5,918,145	6,314,665	6,782,280
Total operating transfers and grants - CTBM	160,630	116,748	76,714	—	—	—	—	—	—
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	184,825	391,247	311,393		7,796				
Current year receipts	1,848,851	2,039,066	1,359,191	2,294,664	2,214,664	2,222,460	2,192,969	2,222,917	2,377,116
Conditions met - transferred to revenue	1,642,429	2,118,921	1,633,941	2,294,664	2,222,460	2,222,460	2,192,969	2,222,917	2,377,116
Conditions still to be met - transferred to liabilities	391,247	311,393	36,643						
Provincial Government:									
Balance unspent at beginning of the year	5,243	1,169	5,145		90				
Current year receipts	938	31,318	24,043	9,000	9,000	9,090	8,700	9,000	9,000
Conditions met - transferred to revenue	5,012	27,342	29,136	9,000	9,090	9,090	8,700	9,000	9,000
Conditions still to be met - transferred to liabilities	1,169	5,145	52						
Total capital transfers and grants revenue	1,647,442	2,146,263	1,663,076	2,303,664	2,231,550	2,231,550	2,201,669	2,231,917	2,386,116
Total capital transfers and grants - CTBM	392,416	316,537	36,695	—	—	—	—	—	—
TOTAL TRANSFERS AND GRANTS REVENUE	4,290,864	5,083,321	5,043,006	6,015,463	6,038,867	6,038,867	8,119,814	8,546,583	9,168,396

2.8 Councillor and employee benefits

Table 50 MBRR SA22 - Summary of councillor and staff benefits

EKU Ekurhuleni Metro - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	50,469	50,275	54,309	72,659	72,659	72,659	77,745	82,798	88,180
Pension and UIF Contributions	7,424	7,386	4,053	4,062	4,062	4,062	4,789	5,101	5,432
Medical Aid Contributions	2,095	2,096	833	1,813	1,813	1,813	–	–	–
Motor Vehicle Allowance	11,359	11,719	7,003	6,345	6,345	6,345	8,230	8,765	9,335
Cellphone Allowance	4,253	4,252	5,078	5,670	9,170	9,170	9,779	10,415	11,092
Housing Allowances	24,377	29,968	48,667	39,767	39,767	39,767	50,518	53,802	57,299
Other benefits and allowances	–	–	–	–	–	–	–	–	–
Sub Total - Councillors	99,977	105,696	119,944	130,316	133,816	133,816	151,062	160,881	171,338
% increase		5.7%	13.5%	8.6%	2.7%	–	12.9%	6.5%	6.5%
Senior Managers of the Municipality									
Basic Salaries and Wages	43,760	–	34,667	51,967	51,967	51,967	53,924	59,052	64,668
Pension and UIF Contributions	–	–	1,373	1,081	1,081	1,081	1,726	1,890	2,070
Medical Aid Contributions	–	–	52	96	96	96	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	4,558	–	–	4,752	4,752	4,752	1,630	1,785	1,954
Motor Vehicle Allowance	–	–	2,434	1,938	1,938	1,938	2,381	2,608	2,856
Cellphone Allowance	–	–	718	1,017	1,017	1,017	834	914	1,000
Housing Allowances	–	–	156	127	127	127	–	–	–
Other benefits and allowances	1,823	–	1	–	–	–	–	–	–
Payments in lieu of leave	–	–	–	2,451	2,451	2,451	106	116	127
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality	50,141	–	39,400	63,429	63,429	63,429	60,602	66,365	72,676
% increase		(100.0%)	–	61.0%	–	–	(4.5%)	9.5%	9.5%
Other Municipal Staff									
Basic Salaries and Wages	3,603,191	3,930,115	3,689,457	5,100,453	5,077,707	5,077,707	6,044,968	6,592,819	7,218,396
Pension and UIF Contributions	688,874	718,555	784,470	1,036,212	1,035,961	1,035,961	1,023,554	1,120,894	1,227,491
Medical Aid Contributions	354,350	668,413	321,573	404,777	404,777	404,777	482,898	528,822	579,113
Overtime	512,118	638,657	734,664	479,422	405,746	405,746	211,730	231,866	253,916
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	203,779	208,394	219,831	253,791	253,611	253,611	267,967	293,450	321,357
Cellphone Allowance	16,833	17,384	18,079	17,539	17,537	17,537	19,011	20,819	22,799
Housing Allowances	42,144	57,074	52,464	73,834	73,834	73,834	83,552	91,497	100,199
Other benefits and allowances	31,070	–	1,607	–	–	–	–	–	–
Payments in lieu of leave	100,916	105,370	183,527	228,465	228,407	228,407	9,894	10,835	11,865
Long service awards	(89,109)	(5,541)	5,934	20,851	20,851	20,851	8,383	9,180	10,053
Post-retirement benefit obligations	73,042	–	–	31,330	31,330	31,330	96,837	106,046	116,131
Sub Total - Other Municipal Staff	5,537,208	6,338,421	6,011,605	7,646,675	7,549,761	7,549,761	8,248,793	9,006,228	9,861,321
% increase		14.5%	(5.2%)	27.2%	(1.3%)	–	9.3%	9.2%	9.5%
Total Parent Municipality	5,687,326	6,444,117	6,170,950	7,840,420	7,747,006	7,747,006	8,460,457	9,233,474	10,105,335

EKU Ekurhuleni Metro - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	A	B	C	D	E	F	G	H	I
Senior Managers of Entities									
Basic Salaries and Wages				19,615	19,615	19,615	20,852	22,313	23,776
Pension and UIF Contributions				905	905	905	1,191	1,262	1,338
Medical Aid Contributions				367	367	367	497	527	558
Overtime				–	–	–	–	–	–
Performance Bonus				1,070	1,070	1,070	1,288	1,366	1,448
Motor Vehicle Allowance				679	679	679	720	763	809
Cellphone Allowance				154	154	154	177	187	199
Housing Allowances				37	37	37	41	44	46
Other benefits and allowances				–	–	–	–	–	–
Payments in lieu of leave				187	187	187	225	239	253
Long service awards				–	–	–	–	–	–
Post-retirement benefit obligations				–	–	–	–	–	–
Sub Total - Senior Managers of Entities	–	–	–	23,015	23,015	23,015	24,990	26,700	28,427
% increase		–	–	–	–	–	8.6%	6.8%	6.5%
Other Staff of Entities									
Basic Salaries and Wages				218,725	218,725	218,725	247,097	274,889	299,891
Pension and UIF Contributions				52,333	52,333	52,333	58,997	64,202	69,599
Medical Aid Contributions				1,460	1,460	1,460	1,503	1,605	1,707
Overtime				17,184	17,184	17,184	25,644	28,070	30,318
Performance Bonus				6,066	6,066	6,066	9,110	9,394	10,721
Motor Vehicle Allowance				6,651	6,651	6,651	7,067	7,544	8,151
Cellphone Allowance				2,303	2,303	2,303	2,896	3,087	3,270
Housing Allowances				2,201	2,201	2,201	2,263	2,399	2,593
Other benefits and allowances				–	–	–	–	–	–
Payments in lieu of leave				11,738	11,738	11,738	15,606	16,830	18,248
Long service awards				489	489	489	1,221	1,494	1,596
Post-retirement benefit obligations				1,255	1,255	1,255	2,320	4,439	5,105
Sub Total - Other Staff of Entities	–	–	–	320,404	320,404	320,404	373,724	413,954	451,199
% increase		–	–	–	–	–	16.6%	10.8%	9.0%
Total Municipal Entities	–	–	–	343,419	343,419	343,419	398,714	440,654	479,626
TOTAL SALARY, ALLOWANCES &	5,687,326	6,444,117	6,170,950	8,183,839	8,090,425	8,090,425	8,859,171	9,674,128	10,584,961
% increase		13.3%	(4.2%)	32.6%	(1.1%)	–	9.5%	9.2%	9.4%
TOTAL MANAGERS AND STAFF	5,587,349	6,338,421	6,051,006	8,053,523	7,956,609	7,956,609	8,708,109	9,513,247	10,413,623

A 7% provision has been made on the remuneration of councillor's budget.

Table 51 MBRR SA23 – Salaries, allowances & benefits

EKU Ekurhuleni Metro - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
Councillors						
Speaker	518,541	77,782	594,857			1,191,180
Chief Whip	1,109,596	–	43,656			1,153,252
Executive Mayor	1,465,506	–	43,929			1,509,435
Deputy Executive Mayor	–	–	–			–
Executive Committee	4,543,762	515,126	6,192,729			11,251,617
Total for all other councillors	70,107,250	4,196,400	61,652,663			135,956,313
Total Councillors	77,744,655	4,789,308	68,527,834			151,061,797
Senior Managers of the Municipality						
Municipal Manager (MM)	3,166,956	66,986	212,234	320,270		3,766,446
Chief Finance Officer	1,550,684	58,663	84,361	–		1,693,708
Chief operating Officer	2,118,600	97,353	67,464			2,283,417
Chief of Police	1,871,499	54,641	99,970	69,587		2,095,697
Chief Audit Executive	1,969,972	1,910	3,474	–		1,975,356
Chief Information Officer	1,486,484	58,663	107,867			1,653,014
						–
List of each official with packages >= senior manager						–
Head of Department: Energy	2,407,817	140,813	43,667	240,810		2,833,107
Head of Department :Strategy & Corporate Services	1,887,419	43,701	191,639			2,122,759
Head of Department: Health & Social development	1,781,460	177,940	175,356	128,570		2,263,326
Head of Department:Customer Relation Management	1,969,972	1,910	4,237	–	–	1,976,119
Head of Department :Corporate Legal Service	2,038,504	140,688	178,429	227,060		2,584,681
Head of Department: Communication & Branding Man	1,539,504	139,857	177,531			1,856,892
Head of Department: Human Resource Mangement	1,506,988	22,239	46,911			1,576,138
Head of Department: Sports,Recreation,Arts & culture	1,999,406	2,016	101,481			2,102,903
Head of Department: City Planning	1,632,369	196,047	212,670	117,367		2,158,453
Head of Department:Disaster & Emergency Managemen	1,969,972	1,910	3,628	–		1,975,510
Head of Department: Human Settlement	1,558,365	103,247	216,044	52,761		1,930,417
Head of Department:Economic Development	2,292,800	2,016	123,889	–		2,418,705
Head of Department: Transport	1,922,366	2,016	184,941	–		2,109,323
Head of Department: Environmenta Resource & sustain	1,969,972	1,910	3,896	–		1,975,778
Head of Department:Waste Management	1,969,972	1,910	3,863	–		1,975,745
Head of Department: Enterprise Programme Managem	2,074,931	2,016	204,193	123,538		2,404,678
Head of Department:Facilities Mngemetn& Real Estat	1,936,439	117,576	152,531	115,398		2,321,944
Head of Department: Water & Sanitation Management	1,760,582	136,836	204,201			2,101,619
Head of Department:Legislature	1,789,040	1,910	71,487			1,862,437
Head of Department:Roads & Stormwater	2,034,716	2,016	302,971	123,957		2,463,660
Head of Department: Fleet Mangement	2,083,200	2,016	46,298			2,131,514
Head of Department:Risk Mangement	1,633,916	2,016	241,877	110,443		1,988,252
						–
Total Senior Managers of the Municipality	53,923,905	1,580,820	3,467,110	1,629,761		60,601,596
BM Chairperson						–
BM Executive Director						–
BM Brakpan Bus Company	6,136,159	614,602	824,545	–		7,575,306
BM Erwat	3,286,944	–	–	–		3,286,944
BM Ekurhuleni Housing Company	11,428,438	1,072,855	338,353	1,288,390		14,128,036
						–
Total for municipal entities	20,851,541	1,687,457	1,162,898	1,288,390		24,990,286
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	152,520,101	8,057,585	73,157,842	2,918,151		236,653,679

Table 52 MBRR SA24 – Summary of personnel numbers

EKU Ekurhuleni Metro - Supporting Table SA24 Summary of personnel numbers												
Summary of Personnel Numbers				2015/17			Current Year 2017/18			Budget Year 2018/19		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities	224	-	224	224	-	224	224	-	224	224	-	224
	13	-	13	13	-	13	13	-	13		-	
Board Members of municipal entities	-	-	-	-	-	-	-	-	-		-	
	191	32	159	197			197		197	205		145
Municipal employees	566	566	18	366	366	-	366	648	-	966		
Municipal Manager and Senior Managers	1,127	1,595	170	1,943	1,939	4	1,528	1,105	14			
Other Managers	151	151	12	200	199	1	189	117	-			
Professionals	17	17	-	42	42	-	101	71	-			
Finance	9	9	3	29	29	-	10	5	-			
Spatial/town planning	16	16	8	57	57	-	39	19	-			
Information Technology	23	23	10	51	51	-	65	48	-			
Roads	39	39	12	67	67	-	91	55	-			
Electricity	-	-	6	-	-	-	-	-	-			
Water	-	-	8	23	23	-	6	3	-			
Sanitation	872	1,340	111	1,474	1,471	3	1,027	787	14			
Refuse	1,826	1,826	53	2,227	2,227	-	1,953	1,503	1			
Other	16	16	-	59	59	-	21	14	1			
Technicians	96	96	-	98	98	-	105	90	-			
Finance	31	31	4	41	41	-	30	22	-			
Spatial/town planning	179	179	-	194	194	-	78	59	-			
Information Technology	360	360	8	366	366	-	235	216	-			
Roads	136	136	15	184	184	-	122	70	-			
Electricity	-	-	2	-	-	-	-	-	-			
Water	22	22	-	43	43	-	15	10	-			
Sanitation	986	986	24	1,242	1,242	-	1,347	1,022	-			
Refuse	3,600	3,600	94	3,989	3,989	-	5,025	3,452	586			
Other	4,452	4,452	76	5,579	5,579	-	5,110	4,563	1			
Clerks (Clerical and administrative)	96	96	-	96	96	-	79	69	-			
Service and sales workers	15	15	-	-	-	-	753	749	-			
Skilled agricultural and fishery workers	1,864	1,864	6	1,891	1,891	-	2,166	1,722	-			
Craft and related trades	4,790	4,790	22	4,874	4,874	-	4,520	3,534	-			
Plant and Machine Operators	18,764	18,836	835	21,399	20,961	438	22,529	17,345	971			
Elementary Occupations												
TOTAL PERSONNEL NUMBERS	40,090	40,926	1,657	46,485	45,830	655	48,105	37,167	1,732			
% increase				14.0%	11.3%	(47.5%)	5.3%	(17.3%)	121.7%			
Total municipal employees headcount												
Finance personnel headcount	1,228	1,218	10	1,291	992	-						
Human Resources personnel headcount	259	252	7	282	195	-						

2.9 Monthly targets for revenue, expenditure and cash flow

Table 53 MBRR SA25 – Budgeted monthly revenue and expenditure

EKU Ekurhuleni Metro - Supporting Table SA25 Budgeted monthly revenue and expenditure															
Description	Budget Year 2018/19											Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source															
Property rates	286,465	352,445	495,489	388,321	389,319	379,460	366,182	381,564	378,844	382,061	257,931	1,557,585	5,615,665	6,102,838	6,632,159
Service charges - electricity revenue	1,202,966	1,511,613	1,453,032	1,025,976	1,173,919	995,074	1,070,269	924,892	963,690	990,256	1,056,744	1,364,520	13,732,952	14,902,317	16,171,284
Service charges - water revenue	340,871	198,664	247,853	553,916	639,133	426,089	364,343	340,871	190,777	269,712	265,112	282,194	4,119,535	4,580,143	5,092,126
Service charges - sanitation revenue	115,643	54,900	125,204	125,204	125,204	139,500	141,725	127,742	73,041	112,096	105,499	349,049	1,594,808	1,754,269	1,929,676
Service charges - refuse revenue	95,680	92,030	98,093	94,900	98,216	97,475	92,504	102,251	106,452	100,038	109,031	252,227	1,338,897	1,452,661	1,576,092
Rental of facilities and equipment	5,594	4,123	4,249	4,310	4,325	3,859	4,459	4,864	4,451	3,967	4,833	78,728	127,763	134,596	141,799
Interest earned - external investment	31,424	27,286	17,558	24,327	18,411	22,117	13,846	16,247	9,746	30,420	45,387	165,799	422,568	443,474	465,635
Interest earned - outstanding debtor	18,312	19,688	22,394	20,870	14,025	21,034	22,305	21,085	16,617	19,101	19,090	308,984	523,506	549,690	577,182
Dividends received	-	-	-	-	-	-	-	-	-	-	-	92	92	94	95
Fines, penalties and forfeits	6,268	11,317	11,348	9,753	13,036	13,911	13,235	6,643	16,376	8,968	20,884	6,457	138,197	145,107	152,363
Licences and permits	3,904	4,134	5,826	4,611	4,844	3,355	4,876	4,842	5,519	3,302	3,575	289,958	338,745	359,069	380,614
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	306,198	122,479	466,875	153,099	306,198	495,104	43,521	118,724	612,395	15,417	61,240	3,313,101	6,014,349	6,362,339	6,832,838
Other revenue	7,168	7,168	7,168	7,168	7,168	7,168	7,168	7,168	7,168	7,168	7,168	1,271,739	1,350,581	1,467,648	1,582,558
Total Revenue (excluding capital transfers and contributions)	2,420,493	2,405,847	2,955,089	2,412,454	2,793,798	2,604,146	2,144,431	2,056,893	2,385,075	1,942,505	1,956,491	9,240,434	35,317,657	38,254,245	41,534,420
Expenditure By Type															
Employee related costs	452,362	548,388	526,976	546,924	524,988	549,922	509,136	528,765	529,696	717,073	369,027	2,905,078	8,708,334	9,513,498	10,412,194
Remuneration of councillors	9,339	9,237	9,370	9,234	9,239	9,247	14,082	10,035	10,000	10,000	10,000	41,280	151,062	160,881	171,338
Debt impairment	48,081	153,494	199,542	168,843	153,494	168,843	138,144	92,096	92,096	92,096	92,096	54,255	1,453,081	1,569,722	1,695,138
Depreciation & asset impairment	144,428	144,428	144,428	144,428	144,428	144,428	144,428	144,428	144,428	144,428	144,428	796,635	2,385,339	2,563,873	2,753,842
Finance charges	-	-	11,819	-	5,174	271,403	-	-	10,572	-	5,174	687,907	992,048	1,076,811	1,156,190
Bulk purchases	921,194	1,601,974	1,439,568	1,796,787	926,288	850,219	878,545	824,688	667,525	768,128	731,647	2,072,781	13,479,345	14,929,414	16,427,410
Other materials	149,133	108,786	198,266	138,613	168,440	138,613	78,960	158,786	298,266	208,786	298,266	1,834	1,946,750	2,101,290	2,267,393
Contracted services	33,072	77,169	77,169	88,193	88,193	121,265	121,265	132,289	93,915	61,698	105,422	3,080,564	4,080,213	4,316,714	4,532,879
Transfers and subsidies	2,582	135,107	173,738	8,146	164,921	14,511	99,423	86,254	72,798	20,773	63,197	55,577	897,027	804,004	845,457
Other expenditure	49,460	209,244	98,920	39,136	69,028	39,136	29,352	9,244	98,920	209,244	208,920	88,125	1,148,730	1,200,031	1,254,021
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	14,578	14,578	15,307	16,073
Total Expenditure	1,809,652	2,987,826	2,879,795	2,940,303	2,254,191	2,307,586	2,013,334	1,986,585	2,018,216	2,232,226	2,028,177	9,798,615	35,256,508	38,251,545	41,531,936
Surplus/(Deficit)	610,841	(581,979)	75,294	(527,849)	539,607	296,560	131,097	70,307	366,859	(289,721)	(71,686)	(558,181)	61,149	2,701	2,484
(monetary allocations) (National / Transfers and subsidies - capital (in-k))	176,038	176,038	176,038	176,038	176,038	176,038	176,038	176,038	176,038	176,038	176,038	322,746	2,259,169	2,281,917	2,436,116
Surplus/(Deficit) after capital transfers & contributions	786,879	(405,941)	251,332	(351,811)	715,645	472,598	307,136	246,346	542,897	(113,683)	104,353	(235,434)	2,320,318	2,284,618	2,438,600
Surplus/(Deficit)	786,879	(405,941)	251,332	(351,811)	715,645	472,598	307,136	246,346	542,897	(113,683)	104,353	(295,423)	2,260,329	2,284,618	2,438,600

Table 54 MBRR SA26 – Budgeted monthly revenue and expenditure (municipal vote)

EKU Ekurhuleni Metro - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Budget Year 2018/19												Medium Term Revenue and			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
Revenue by Vote																
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-	-	6,760,239	6,760,239	7,326,359	7,909,331	
Vote 2 - Finance and Corporate Services	381,740	93,718	297,627	124,157	291,862	930,162	373,585	381,716	1,111,467	389,060	350,240	(1,968,114)	2,757,220	2,895,943	3,059,939	
Vote 3 - Energy	896,213	983,465	1,970,768	1,404,127	1,657,285	971,426	1,310,347	1,125,873	772,759	870,922	671,284	2,054,948	14,689,418	15,873,007	17,286,687	
Vote 4 - Water and Sanitation	906,131	1,292,480	638,790	655,595	599,106	449,625	423,596	377,508	260,090	653,080	651,715	1,935,875	8,843,592	9,775,504	10,810,219	
Vote 5 - Waste Management	321,256	104,211	116,620	119,968	119,044	314,359	108,477	111,344	241,576	117,999	132,598	141,460	1,948,862	2,117,684	2,303,532	
Vote 6 - Human Settlements	23,349	23,947	31,356	163,374	47,202	12,860	62,256	28,615	25,974	25,490	43,725	812,971	1,301,118	1,297,841	1,278,411	
Vote 7 - City Planning	4,965	4,100	3,324	4,290	4,154	3,996	2,571	3,593	2,049	1,215	3,898	(38,123)	32	33	35	
Vote 8 - Economic Development	1,429	1,414	1,626	1,554	1,647	1,572	1,475	1,258	1,238	1,303	1,329	33,640	49,486	25,653	26,936	
Vote 9 - Disaster and Emergency Management Services	1,469	19,796	10,025	1,414	21,538	21,694	2,184	1,302	1,785	1,303	18,843	(85,027)	16,326	17,143	18,000	
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	51	52	101	101	101	111	89	101	101	101	101	16,480	17,493	18,483	19,182	
Vote 11 - Health and Social Development	15,103	0	6,151	2,658	9,090	34,034	923	1,953	17,572	4,888	31,299	(97,766)	25,903	27,396	28,117	
Vote 12 - Environmental Resource Management	-	-	-	-	-	-	-	-	-	-	-	31,857	31,857	33,450	35,122	
Vote 13 - Ekurhuleni Metropolitan Police Department	5,284	11,331	9,317	10,404	10,463	5,662	10,263	6,409	13,934	10,514	7,707	28,895	130,184	136,694	143,528	
Vote 14 - Transport Planning & Provisioning	35,407	45,107	34,296	87,830	187,809	17,413	2,442	171,198	97,314	30,007	211,696	(67,905)	852,614	854,949	901,647	
Vote 15 - Roads and Stormwater	4,134	2,264	11,126	13,021	20,535	17,270	22,261	22,060	15,254	12,662	8,145	3,750	152,481	136,025	149,842	
Total Revenue by Vote	2,596,531	2,581,885	3,131,128	2,588,493	2,969,837	2,780,184	2,320,469	2,232,931	2,561,114	2,118,544	2,132,530	9,563,180	37,576,825	40,536,163	43,970,536	
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council	19,248	22,071	21,057	23,145	23,696	25,885	29,046	30,265	31,027	28,623	34,324	5,457,006	5,745,393	6,158,196	6,649,230	
Vote 2 - Finance and Corporate Services	170,822	518,771	390,335	434,311	359,299	108,772	118,027	113,645	206,369	368,303	260,154	(1,899,505)	1,149,303	1,244,172	1,345,674	
Vote 3 - Energy	708,516	1,240,164	1,110,222	1,294,845	449,484	940,592	597,646	679,811	335,421	828,372	763,004	4,045,409	12,993,486	14,226,805	15,468,845	
Vote 4 - Water and Sanitation	484,761	467,693	686,350	502,141	672,400	488,722	593,281	454,128	634,636	326,523	213,418	1,665,187	7,189,241	7,938,767	8,741,761	
Vote 5 - Waste Management	51,171	79,538	56,043	108,243	119,812	112,352	111,645	112,952	123,314	104,623	97,653	89,412	1,166,758	1,252,942	1,333,506	
Vote 6 - Human Settlements	19,654	51,223	41,837	40,040	65,032	104,797	36,305	37,382	103,442	29,636	35,126	554,366	1,118,838	1,050,246	1,119,748	
Vote 7 - City Planning	21,972	22,872	22,022	21,905	22,449	21,671	21,917	24,742	21,500	21,604	24,471	(99,396)	147,730	154,312	161,565	
Vote 8 - Economic Development	12,886	19,635	15,392	15,149	18,077	15,209	11,897	17,653	10,665	19,754	24,544	39,519	220,379	238,787	259,076	
Vote 9 - Disaster and Emergency Management Services	59,462	62,001	73,812	60,135	63,820	61,430	64,857	63,840	79,485	64,918	58,154	(265,344)	446,569	487,363	531,992	
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	28,178	58,677	67,855	46,635	49,224	47,865	44,267	50,800	52,852	63,807	57,355	31,574	599,088	649,946	704,826	
Vote 11 - Health and Social Development	56,852	71,883	63,946	66,055	65,117	66,123	62,233	62,816	83,875	66,879	94,466	(464,163)	296,083	322,060	349,529	
Vote 12 - Environmental Resource Management	44,428	49,791	54,548	56,139	60,998	57,208	58,632	63,215	69,772	56,445	67,172	(457,930)	180,419	196,683	214,968	
Vote 13 - Ekurhuleni Metropolitan Police Department	77,213	95,293	93,432	91,407	97,196	96,161	105,864	96,298	95,318	89,786	106,417	473,957	1,518,343	1,639,667	1,770,367	
Vote 14 - Transport Planning & Provisioning	36,779	43,827	43,281	43,052	51,150	37,031	41,548	48,277	48,911	41,171	54,943	113,328	603,299	609,849	648,421	
Vote 15 - Roads and Stormwater	17,710	184,388	139,661	137,102	136,437	123,767	116,170	130,761	121,629	121,783	136,976	575,185	1,941,568	2,081,751	2,232,427	
Total Expenditure by Vote	1,809,652	2,987,826	2,879,795	2,940,303	2,254,192	2,307,586	2,013,334	1,986,586	2,018,216	2,232,226	2,028,177	9,858,604	35,316,496	38,251,545	41,531,936	
Surplus/(Deficit) before assoc. Taxation	786,879	(405,940)	251,333	(351,811)	715,645	472,599	307,135	246,345	542,897	(113,682)	104,353	(295,424)	2,260,329	2,284,618	2,438,600	
Surplus/(Deficit)	786,879	(405,940)	251,333	(351,811)	715,645	472,599	307,135	246,345	542,897	(113,682)	104,353	(295,424)	2,260,329	2,284,618	2,438,600	

Table 55 MBRR SA27 – Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional															
Governance and administration	369,564	1,127,171	342,895	495,866	478,118	1,008,802	576,810	645,249	987,714	710,964	764,925	1,343,585	8,851,664	9,517,999	10,242,277
Executive and council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration	369,564	1,127,171	342,895	495,866	478,118	1,008,802	576,810	645,249	987,714	710,964	764,925	1,343,585	8,851,664	9,517,999	10,242,277
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety	52,547	32,779	44,417	136,194	62,219	68,474	61,712	38,382	51,760	39,357	78,489	1,009,344	1,675,673	1,693,266	1,676,627
Community and social services	235	195	308	144	408	311	507	465	89	755	218	212,007	215,642	227,677	230,451
Sport and recreation	–	–	–	–	–	–	–	–	–	–	–	15,699	15,699	16,349	16,717
Public safety	15,271	15,271	15,271	15,271	15,271	15,271	15,271	15,271	15,271	15,271	15,271	(159,445)	8,536	8,963	9,411
Housing	16,881	17,313	22,669	118,114	37,424	18,762	45,009	20,688	18,778	18,428	31,612	896,345	1,262,022	1,256,790	1,235,316
Health	20,160	0	6,169	2,665	9,116	34,131	926	1,958	17,622	4,902	31,388	44,737	173,773	183,486	184,731
Economic and environmental services	33,374	94,769	32,396	82,354	175,823	16,568	2,525	160,230	91,211	24,528	198,123	293,120	1,205,020	1,174,589	1,244,283
Planning and development	284	279	344	273	306	294	242	237	266	223	282	66,633	69,664	46,840	49,182
Road transport	33,089	94,490	32,051	82,082	175,517	16,274	2,283	159,993	90,945	24,305	197,841	226,349	1,135,218	1,127,604	1,194,950
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	138	138	144	152
Trading services	2,138,977	1,325,136	2,708,913	1,872,094	2,251,447	1,684,201	1,677,657	1,387,342	1,428,494	1,342,069	1,088,939	6,575,863	25,481,132	27,765,418	30,399,622
Energy sources	772,323	697,950	1,740,598	995,087	1,424,766	910,993	800,173	595,359	640,269	579,015	306,260	5,226,625	14,689,418	15,873,007	17,286,687
Water management	849,666	396,918	656,212	569,213	512,523	441,455	515,899	470,649	455,364	441,212	439,872	475,260	6,224,242	6,901,293	7,665,873
Waste water management	208,581	208,581	208,581	208,581	208,581	208,581	208,581	208,581	208,581	208,581	208,581	324,956	2,619,350	2,874,212	3,144,346
Waste management	308,407	21,687	103,522	99,213	105,576	123,172	153,004	112,753	124,280	113,260	134,225	549,023	1,948,122	2,116,907	2,302,716
Other	2,069	2,032	2,507	1,985	2,230	2,140	1,765	1,727	1,934	1,625	2,054	341,268	363,337	384,891	407,727
Total Revenue - Functional	2,596,531	2,581,886	3,131,128	2,588,492	2,969,836	2,780,185	2,320,470	2,232,931	2,561,113	2,118,544	2,132,530	9,563,180	37,576,825	40,536,163	43,970,536
	3,280,310	4,872,378	3,583,996	4,395,317	3,691,782	3,691,782	3,121,392	2,828,992	3,201,737	2,698,537	2,439,290				
Expenditure - Functional															
Governance and administration	342,416	511,865	226,600	343,285	329,646	480,336	503,945	569,184	509,534	95,842	78,701	1,006,495	4,997,849	5,367,324	5,783,107
Executive and council	38,131	83,968	90,437	90,526	69,161	68,719	56,365	57,138	60,358	44,978	38,131	(181,157)	516,755	554,108	593,099
Finance and administration	304,286	427,898	136,164	252,759	260,485	411,617	447,580	512,045	449,175	50,864	40,571	1,123,259	4,416,701	4,743,535	5,114,475
Internal audit	–	–	–	–	–	–	–	–	–	–	–	64,393	64,393	69,682	75,533
Community and public safety	89,674	143,908	129,280	129,753	146,078	182,670	114,340	116,066	183,569	112,479	145,722	2,305,659	3,799,198	3,973,310	4,306,231
Community and social services	14,433	23,300	24,552	24,569	20,436	20,350	17,960	18,110	18,733	18,110	19,743	512,008	732,304	796,516	866,524
Sport and recreation	–	–	–	–	–	–	–	–	–	–	–	950,588	950,588	1,031,704	1,119,647
Public safety	1,907	4,198	4,522	4,526	3,458	3,436	2,818	2,857	3,018	2,249	1,907	3,024	37,919	40,352	42,991
Housing	17,651	46,003	37,574	35,960	58,406	94,119	32,606	33,573	79,666	26,616	31,547	158,531	652,253	547,778	577,894
Health	55,684	70,406	62,633	64,698	63,779	64,765	60,954	61,526	82,152	65,505	68,508	(106,027)	1,426,133	1,556,959	1,699,174
Economic and environmental services	349,481	546,112	603,950	470,643	520,162	549,325	395,916	397,381	533,482	351,287	293,379	(106,027)	4,905,092	5,203,601	5,583,525
Planning and development	122,415	40,042	171,119	51,134	137,578	167,505	35,449	35,578	266,114	85,578	116,983	(464,981)	764,514	787,686	839,193
Road transport	221,947	497,805	424,122	410,794	375,334	374,601	354,096	355,379	260,724	259,285	169,392	344,533	4,048,013	4,315,090	4,633,973
Environmental protection	5,120	8,265	8,709	8,715	7,249	7,219	6,371	6,424	6,645	6,424	7,003	14,421	92,565	100,825	110,359
Trading services	1,026,652	1,783,636	1,917,536	1,994,192	1,256,284	1,093,243	997,357	902,164	789,778	1,670,827	1,508,423	6,424,356	21,364,448	23,434,442	25,561,091
Energy sources	808,516	1,240,164	1,110,222	1,294,845	449,484	740,592	597,646	679,811	335,421	828,372	763,004	4,145,409	12,993,486	14,226,805	15,468,845
Water management	93,160	374,914	661,404	495,531	157,543	157,543	213,274	643,043	320,037	653,248	518,946	1,978,778	6,174,295	6,824,943	7,529,421
Waste water management	72,241	86,589	65,097	92,465	89,673	79,322	71,380	71,226	55,709	71,081	84,612	100,826	1,030,021	1,129,872	1,229,445
Waste management	52,735	81,969	80,812	111,551	74,085	115,786	115,057	86,709	78,611	118,126	141,860	1,166,645	1,252,822	1,333,379	1,433,379
Other	1,428	2,305	2,428	2,430	2,021	2,013	1,776	1,791	1,853	1,791	1,953	228,120	249,909	272,867	297,983
Total Expenditure - Functional	1,809,651	2,987,826	2,879,795	2,940,303	2,254,192	2,307,586	2,013,334	1,986,585	2,018,216	2,232,226	2,028,178	9,858,603	35,316,496	38,251,545	41,531,936
Surplus/(Deficit) before assoc.	786,880	(405,940)	251,333	(351,811)	715,645	472,598	307,136	246,345	542,897	(113,682)	104,352	(295,423)	2,260,329	2,284,618	2,438,600
Surplus/(Deficit)	786,880	(405,940)	251,333	(351,811)	715,645	472,598	307,136	246,345	542,897	(113,682)	104,352	(295,423)	2,260,329	2,284,618	2,438,600

Table 56 MBRR SA28 – Budgeted monthly capital expenditure (municipal vote)

EKEU Ekurhuleni Metro - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description		Budget Year 2018/19										Medium Term Revenue and				
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year+1 2019/20	Budget Year +2 2020/21
Multi-year expenditure to be appropriated		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 1 - Executive and Council		4,544	27,212	55,320	100,578	67,555	95,059	108,639	122,219	135,799	149,379	162,959	366,049	1,395,312	1,457,956	1,184,902
Vote 2 - Finance and Corporate Services		2,386	14,288	29,045	52,807	35,469	49,910	57,040	64,170	71,300	78,430	85,560	172,596	713,000	767,065	808,000
Vote 3 - Energy		2,789	16,706	33,961	61,744	41,471	58,356	66,693	75,030	83,366	91,703	100,039	208,497	840,355	957,051	1,002,824
Vote 4 - Water and Sanitation		427	2,557	5,198	9,450	6,348	8,932	10,208	11,484	12,760	14,036	15,312	30,888	127,600	72,400	94,000
Vote 5 - Waste Management		3,988	23,886	48,557	88,282	59,296	83,439	95,359	107,278	119,198	131,118	143,038	317,302	1,220,742	1,370,131	1,234,450
Vote 6 - Human Settlements		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - City Planning		594	3,557	7,231	13,146	8,830	12,425	14,200	15,975	17,750	19,525	21,300	35,367	169,900	163,000	157,780
Vote 8 - Economic Development		273	1,635	3,324	6,044	4,059	5,712	6,528	7,344	8,160	8,976	9,792	24,353	86,200	70,000	71,500
Vote 9 - Disaster and Emergency Management Services		240	1,435	2,917	5,303	3,562	5,012	5,728	6,444	7,160	7,876	8,592	24,532	78,800	115,900	134,320
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)		65	389	790	1,437	965	1,358	1,552	1,746	1,940	2,134	2,328	4,696	19,400	83,600	101,800
Vote 11 - Health and Social Development		899	5,383	10,944	19,897	13,364	18,806	21,492	24,179	26,865	29,552	32,238	73,632	277,250	293,300	256,250
Vote 12 - Environmental Resource Management		270	1,615	3,283	5,970	4,010	5,642	6,448	7,254	8,060	8,866	9,672	49,511	110,600	52,600	84,800
Vote 13 - Ekurhuleni Metropolitan Police Department		2,128	12,747	25,912	47,112	31,643	44,527	50,888	57,249	63,610	69,971	76,332	189,980	672,098	601,021	684,216
Vote 14 - Transport Planning & Provisioning		2,173	13,014	26,456	48,100	32,307	45,462	51,956	58,451	64,945	71,440	77,934	188,512	680,750	674,800	731,051
Vote 15 - Roads and Stormwater		20,775	124,423	252,939	459,870	308,879	434,639	496,731	558,822	620,914	683,005	745,096	1,685,915	6,392,008	6,678,824	6,545,893
Capital multi-year expenditure sub-total																
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council		32	190	387	704	473	665	760	855	950	1,045	1,140	2,300	9,500	10,813	11,144
Vote 2 - Finance and Corporate Services		239	1,432	2,910	5,291	3,554	5,001	5,715	6,430	7,144	7,859	8,573	39,294	93,441	43,737	71,830
Vote 3 - Energy		79	475	965	1,755	1,179	1,659	1,896	2,133	2,370	2,607	2,844	5,737	23,700	28,700	28,700
Vote 4 - Water and Sanitation		86	515	1,047	1,903	1,278	1,799	2,056	2,313	2,570	2,827	3,084	6,221	25,700	28,500	29,000
Vote 5 - Waste Management		127	759	1,544	2,807	1,885	2,653	3,032	3,411	3,790	4,169	4,548	9,174	37,900	43,500	40,500
Vote 6 - Human Settlements		6	35	71	130	87	122	140	157	175	192	210	423	1,749	2,591	2,019
Vote 7 - City Planning		10	61	124	226	152	214	244	275	305	336	366	738	3,050	3,050	3,050
Vote 8 - Economic Development		29	174	354	644	433	609	696	783	870	957	1,044	9,706	16,300	12,300	12,000
Vote 9 - Disaster and Emergency Management Services		214	1,281	2,605	4,736	3,181	4,476	5,115	5,755	6,394	7,033	7,673	32,478	80,940	77,730	91,480
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)		112	671	1,365	2,481	1,666	2,345	2,680	3,015	3,350	3,685	4,020	9,609	35,000	19,000	17,500
Vote 11 - Health and Social Development		77	458	932	1,694	1,138	1,601	1,830	2,059	2,288	2,516	2,745	5,537	22,875	27,450	34,000
Vote 12 - Environmental Resource Management		90	539	1,096	1,992	1,338	1,883	2,152	2,421	2,690	2,959	3,228	6,512	26,900	27,600	33,800
Vote 13 - Ekurhuleni Metropolitan Police Department		199	1,192	2,424	4,407	2,960	4,165	4,760	5,355	5,950	6,545	7,140	14,403	59,500	56,000	60,000
Vote 14 - Transport Planning & Provisioning		202	1,211	2,463	4,477	3,007	4,232	4,836	5,441	6,045	6,650	7,254	14,633	60,450	56,950	56,600
Vote 15 - Roads and Stormwater		51	305	619	1,126	756	1,064	1,216	1,368	1,520	1,672	1,824	3,679	15,200	14,250	20,000
Capital single-year expenditure sub-total		1,553	9,300	18,906	34,373	23,087	32,487	37,128	41,769	46,411	51,052	55,693	160,446	512,205	452,171	511,622
Total Capital Expenditure		22,328	133,723	271,845	494,243	331,966	467,127	533,859	600,592	667,324	734,056	800,789	1,846,361	6,904,213	7,130,995	7,057,515

Table 57 MBRR SA29 – Budgeted monthly capital expenditure (standard classification)

Eku Ekurhuleni Metro - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)															
Description	Budget Year 2018/19												Medium Term Revenue and		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional															
<i>Governance and administration</i>	4,814	28,834	58,617	106,572	71,581	100,725	115,115	129,504	143,893	158,283	172,672	407,642	1,498,254	1,512,506	1,267,875
Executive and council	2,287	13,700	27,850	50,634	34,009	47,856	54,693	61,529	68,366	75,203	82,039	165,493	683,659	738,020	822,840
Finance and administration	2,526	15,126	30,749	55,905	37,549	52,838	60,386	67,934	75,482	83,081	90,579	242,040	814,144	774,486	444,482
Internal audit	2	9	18	33	22	32	36	41	45	50	54	109	450	-	553
<i>Community and public safety</i>	6,260	37,492	76,218	138,572	93,074	130,970	149,680	168,390	187,100	205,810	224,520	550,571	1,968,656	2,120,603	2,024,669
Community and social services	899	5,381	10,940	19,890	13,359	18,799	21,484	24,170	26,855	29,541	32,226	75,108	278,650	254,100	202,800
Sport and recreation	270	1,619	3,292	5,984	4,019	5,656	6,464	7,272	8,080	8,888	9,696	26,759	88,000	126,400	141,820
Public safety	956	5,724	11,636	21,155	14,209	19,995	22,851	25,708	28,564	31,420	34,277	120,745	337,240	256,330	307,780
Housing	3,994	23,921	48,628	88,412	59,383	83,561	95,499	107,436	119,373	131,311	143,248	317,725	1,222,491	1,372,723	1,236,469
Health	141	847	1,722	3,131	2,103	2,959	3,382	3,805	4,228	4,650	5,073	10,233	42,275	111,050	135,800
<i>Economic and environmental services</i>	5,359	32,097	65,250	118,631	79,680	112,122	128,140	144,157	160,175	176,192	192,210	455,034	1,669,048	1,600,671	1,761,947
Planning and development	633	3,792	7,709	14,017	9,414	13,248	15,140	17,033	18,925	20,818	22,710	45,812	189,250	178,350	172,830
Road transport	4,554	27,277	55,450	100,815	67,714	95,284	108,896	122,508	136,120	149,732	163,344	396,805	1,428,498	1,347,021	1,491,867
Environmental protection	172	1,028	2,090	3,799	2,552	3,591	4,104	4,617	5,130	5,643	6,156	12,418	51,300	75,300	97,250
<i>Trading services</i>	5,894	35,299	71,760	130,467	87,630	123,309	140,925	158,541	176,156	193,772	211,387	433,113	1,768,255	1,897,216	2,003,024
Energy sources	2,465	14,763	30,011	54,563	36,648	51,569	58,996	66,303	73,670	81,037	88,404	178,333	736,700	795,765	836,700
Water management	1,612	9,656	19,630	35,689	23,971	33,731	38,550	43,368	48,187	53,006	57,824	116,646	481,870	636,000	670,000
Waste water management	1,263	7,564	15,378	27,958	18,779	26,424	30,199	33,974	37,749	41,524	45,299	98,072	384,185	349,551	361,824
Waste management	554	3,316	6,742	12,257	8,233	11,585	13,240	14,895	16,550	18,205	19,860	40,063	165,500	115,900	134,500
Total Capital Expenditure - Functional	22,328	133,723	271,845	494,243	331,966	467,127	533,859	600,592	667,324	734,056	800,789	1,846,361	6,904,213	7,130,995	7,057,515
Funded by:															
National Government	7,503	44,936	91,349	166,082	111,552	156,970	179,394	201,819	224,243	246,667	269,092	543,362	2,242,969	2,272,917	2,427,116
Provincial Government	30	180	367	667	448	630	720	810	900	990	1,080	1,879	8,700	9,000	9,000
Transfers recognised - capital	7,533	45,116	91,715	166,749	111,999	157,600	180,114	202,629	225,143	247,657	270,172	545,241	2,251,669	2,281,917	2,436,116
Borrowing	11,449	68,571	139,396	253,438	170,226	239,533	273,752	307,971	342,190	376,409	410,628	997,380	3,590,944	3,816,222	3,549,889
Internally generated funds	3,346	20,037	40,733	74,057	49,741	69,993	79,993	89,992	99,991	109,990	119,989	303,740	1,061,600	1,032,856	1,071,511
Total Capital Funding	22,328	133,723	271,845	494,243	331,966	467,127	533,859	600,592	667,324	734,056	800,789	1,846,361	6,904,213	7,130,995	7,057,515

Table 58 MBRR SA30 – Budgeted monthly cash flow

EKU Ekurhuleni Metro - Supporting Table SA30 Budgeted monthly cash flow												
MONTHLY CASH FLOWS	Budget Year 2018/19										Medium Term Revenue and Expenditure Framework	
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June
Cash Receipts By Source												
Property rates	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826
Service charges - electricity revenue	1,031,361	1,031,361	1,031,361	1,031,361	1,031,361	1,031,361	1,031,361	1,031,361	1,031,361	1,031,361	1,031,361	1,031,361
Service charges - water revenue	323,611	323,611	323,611	323,611	323,611	323,611	323,611	323,611	323,611	323,611	323,611	323,611
Service charges - sanitation revenue	107,295	107,295	107,295	107,295	107,295	107,295	107,295	107,295	107,295	107,295	107,295	107,295
Service charges - refuse revenue	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161
Service charges - other	10,207	10,207	10,207	10,207	10,207	10,207	10,207	10,207	10,207	10,207	10,207	10,207
Rental of facilities and equipment	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390
Interest earned - external investments	33,326	33,326	33,326	33,326	33,326	33,326	33,326	33,326	33,326	33,326	33,326	33,326
Interest earned - outstanding debtors	39,064	39,064	39,064	39,064	39,064	39,064	39,064	39,064	39,064	39,064	39,064	39,064
Dividends received	-	-	-	-	-	-	-	-	-	-	-	90
Fines, penalties and forfeits	33,549	33,549	33,549	33,549	33,549	33,549	33,549	33,549	33,549	33,549	33,549	33,549
Licences and permits	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288
Agency services	26,656	26,656	26,656	26,656	26,656	26,656	26,656	26,656	26,656	26,656	26,656	26,656
Transfer receipts - operational	450,505	450,505	450,505	450,505	450,505	450,505	450,505	450,505	450,505	450,505	450,505	450,505
Other revenue	256,826	256,826	256,826	256,826	256,826	256,826	256,826	256,826	256,826	256,826	256,826	256,826
Cash Receipts by Source	2,825,065	2,825,065	2,825,065	2,825,065	2,825,065	2,825,065	2,825,065	2,825,065	2,825,065	2,825,065	2,825,065	2,825,155
Other Cash Flows by Source												
Transfer receipts - capital	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	4,192	4,192	4,192	4,192	4,192	4,192	4,192	4,192	4,192	4,192	4,192	4,192
Increase (decrease) in consumer deposits	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)
Decrease (increase) in non-current investment	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)	(4,349)
Total Cash Receipts by Source	3,016,880	3,016,880	3,016,880	3,016,880	3,016,880	3,016,880	3,016,880	3,016,880	3,016,880	3,016,880	3,016,880	2,972,474
Cash Payments by Type												
Employee related costs	682,153	682,153	682,153	682,153	682,153	682,153	682,153	682,153	682,153	682,153	682,153	682,153
Remuneration of councillors	12,588	12,588	12,588	12,588	12,588	12,588	12,588	12,588	12,588	12,588	12,588	12,588
Finance charges	82,671	82,671	82,671	82,671	82,671	82,671	82,671	82,671	82,671	82,671	82,671	82,671
Bulk purchases - Electricity	754,367	754,367	754,367	754,367	754,367	754,367	754,367	754,367	754,367	754,367	754,367	754,367
Other materials	152,378	152,378	152,378	152,378	152,378	152,378	152,378	152,378	152,378	152,378	152,378	152,378
Contracted services	316,091	316,091	316,091	316,091	316,091	316,091	316,091	316,091	316,091	316,091	316,091	316,091
Transfers and grants - other	74,752	74,752	74,752	74,752	74,752	74,752	74,752	74,752	74,752	74,752	74,752	74,752
Other expenditure	91,876	91,876	91,876	91,876	91,876	91,876	91,876	91,876	91,876	91,876	91,876	91,876
Cash Payments by Type	2,454,953	2,454,953	2,454,953	2,454,953	2,454,953	2,454,953	2,454,953	2,454,953	2,454,953	2,454,953	2,454,953	2,454,953
Other Cash Flows/Payments by Type												
Capital assets	529,012	529,012	529,012	529,012	529,012	529,012	529,012	529,012	529,012	529,012	529,012	529,012
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	2,983,965	2,983,965	2,983,965	2,983,965	2,983,965	2,983,965	2,983,965	2,983,965	2,983,965	2,983,965	2,983,965	2,983,965
NET INCREASE/(DECREASE) IN CASH HELD	32,915	32,915	32,915	32,915	32,915	32,915	32,915	32,915	32,915	32,915	32,915	(153,301)
Cash/cash equivalents at the month/year begin	5,809,954	5,842,868	5,875,783	5,908,698	5,941,613	5,974,528	6,007,443	6,040,358	6,073,273	6,106,188	6,139,103	6,172,018
Cash/cash equivalents at the month/year end:	5,842,868	5,875,783	5,908,698	5,941,613	5,974,528	6,007,443	6,040,358	6,073,273	6,106,188	6,139,103	6,172,018	6,172,018

2.10 Annual budgets and SDBIPs – internal departments

The detail Capital Budget of Departments is reflected in “Annexure F”

2.10.1 CITY MANAGER

Operating Budget of the City Manager

The main cost drivers of relevant departments are salaries and office overhead costs.

Table 59 Operating Budget of the City Manager

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 AMENDED BUDGET - APR'18		F00 R'000 YEAR TO DATE - APR'18		F00 R'000 PROJECTED		F01 R'000 2018/19		% B to B		% Of Total		F02 R'000 2019/20		F03 R'000 2020/21	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
City Manager																		
EXPENDITURE																		
Employee Related Costs	33,696		33,602		19,634		33,602		29,084		-13.45%		78.45%		31,850		34,879	
Senior Management	3,550		3,550		2,800		3,550		3,766		6.08%		10.16%		4,125		4,517	
- SM - Salaries Allowances and Service Benefits	3,483		3,483		2,743		3,483		3,689		6.22%		9.98%		4,051		4,437	
- SM - Social Contributions	68		68		57		68		67		-0.80%		0.18%		73		80	
Municipal Staff	30,145		30,051		16,834		30,051		25,318		-15.75%		68.29%		27,725		30,362	
- MS - Salaries Allowances and Service Benefits	25,560		25,466		14,415		25,466		22,566		-11.39%		60.87%		24,712		27,062	
- MS - Social Contributions	4,585		4,585		2,419		4,585		2,751		-40.00%		7.42%		3,013		3,300	
Contracted Services	17,012		21,592		14,469		21,290		5,554		-74.28%		14.98%		5,165		3,169	
- Outsource Services	404		404		196		382		163		-59.67%		0.44%		163		163	
- Consultants and Professional Services	15,877		20,857		14,149		20,440		5,000		-76.03%		13.49%		4,585		2,562	
- Contractors	731		331		124		468		391		18.17%		1.06%		417		444	
Operational Cost	2,098		5,782		908		5,547		1,591		-72.49%		4.29%		1,623		1,658	
Inventory	1,752		2,282		1,515		1,933		678		-70.27%		1.83%		716		755	
Depreciation and Amortisation	175		175		146		175		165		-5.49%		0.45%		177		189	
TOTAL EXPENDITURE	54,733		63,433		36,672		62,546		37,073		-41.56%		100.00%		39,530		40,651	
DEFICIT / (SURPLUS)	54,733		63,433		36,672		62,546		37,073		-41.56%				39,530		40,651	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	54,733		63,433		36,672		62,546		37,073						39,530		40,651	
TOTAL CHARGES	49		49		6		49		52		0				52		52	
TOTAL CHARGES / RECOVERIES	49		49		6		49		52		0				52		52	
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	54,781		63,482		36,678		62,595		37,125						39,583		40,703	

2.10.2 CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION

Operating Budget of the Chief Operating Officer: Delivery Co Ordination

The main cost drivers of relevant departments are salaries and office overhead costs.

The COO's office co-ordinate and drive the service delivery programmes and works with various service delivery departments

It is also important to note that the COO will also monitor the implementation of service delivery projects. Processes are in place to develop the Service Delivery Model and Service Delivery Improvement Mechanism

The office will also focus on the investigation/reviewing of service delivery mechanism as per sections 76, 77 and 78 of the Municipal Systems Act.

Table 60 Operating Budget of the Chief Operating Officer: Delivery Co-Ordination

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
Chief Operating Officer									
EXPENDITURE									
Employee Related Costs	11,162	11,123	18,039	11,123	25,627	130.39%	94.40%	28,064	30,733
Senior Management	2,201	2,201	2,185	2,201	2,283	3.75%	8.41%	2,501	2,738
- SM - Salaries Allowances and Service Benefits	2,199	2,199	1,916	2,199	2,186	-0.59%	8.05%	2,394	2,622
- SM - Social Contributions	2	2	269	2	97	5064.62%	0.36%	107	117
Municipal Staff	8,961	8,922	15,854	8,922	23,343	161.63%	85.99%	25,563	27,994
- MS - Salaries Allowances and Service Benefits	7,739	7,700	14,624	7,700	21,833	183.53%	80.43%	23,909	26,183
- MS - Social Contributions	1,222	1,222	1,229	1,222	1,510	23.62%	5.56%	1,654	1,811
Contracted Services	1,714	904	544	1,668	368	-59.33%	1.35%	287	212
Outsource Services	272	272	206	259	112	-58.87%	0.41%	112	112
Consultants and Professional Services	1,437	627	337	1,408	252	-59.78%	0.93%	171	96
Contractors	5	5	1	1	4	-26.96%	0.01%	4	4
Operational Cost	689	347	299	346	489	41.08%	1.80%	511	534
Inventory	1,826	2,620	2,215	1,754	663	-74.70%	2.44%	700	739
TOTAL EXPENDITURE	15,391	14,993	21,097	14,891	27,146	81.06%	100.00%	29,562	32,218
DEFICIT / (SURPLUS)	15,391	14,993	21,097	14,891	27,146	81.06%		29,562	32,218
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	15,391	14,993	21,097	14,891	27,146			29,562	32,218
TOTAL CHARGES	-	116	116	90	-	(1)		-	-
TOTAL CHARGES / RECOVERIES	-	116	116	90	-	(1)		-	-
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	15,391	15,109	21,212	14,981	27,146			29,562	32,218

2.10.3 CITY PLANNING

The mandate of the City Planning Department is to:

- Provide spatial leadership towards creating vibrant, safe and sustainable City;
- Play a strategic role in developing and promoting an integrated City that addresses spatial injustices;
- Implement initiatives that enhance a developmental City; and
- Accounting for end-to-end built environment.

The department is responsible for driving, sharpening and shaping the City's spatial form from development agenda within the built environment. In the revision of current strategies and developing policies and frameworks ensure the implementation of spatial form as expressed in the IDP. The spatial development agenda will be advanced through various city development policies, plans, growth management initiatives and budget (and capacity).

The City Planning Department provides services to the communities in the assessment of development applications, building plans and provision of maps for geographical investigations. These services are recognised revenue collected for sundry income such as Zoning certificates, copies and maps

The following are the services that are available to communities at the Department's CCAs:

- Provision of geographic information services to stakeholders (i.e. internal Departments, developers, private & public sector and the community) through mapping services, spatial data, land surveying services and geo technical services;
- Advisory built environment services to the public;
- Granting of development approvals;
- Spatial co-ordination of sectoral plans;
- Building control and outdoor advertising services.

The result statements of the department are contained in the IDP in Annexure A.

Key Strategic Projects of the City Planning Department

Project Name	Brief Description	Project Status/Progress
Development of Regional Spatial Development Frameworks (RSDFs) for Regions B, C, D, E & F and review of the metropolitan Spatial Development Framework (MSDF).	The aim of the project is to develop RSDFs and review the current (2011) MSDF to provide updated context to the built environment and application of city form and city identity for the metro.	The spatial strategies MSDF and the RSDFs have been completed and approved by Council in November 2014.
Regularisation of unproclaim townships.	This programme includes the investigation of the current legislative status quo of the townships in terms of the Town Planning requirements, Land Survey requirements and Conveyancing requirements as well as the current use of the properties on the ground (i.e. contraventions to the scheme, contraventions to the NBRs, illegal occupation of municipal/government land,	General plans of various townships in the metro have been endorsed; the townships registers opened and tenure upgraded in Alberton (1), Benoni (8), Germiston 9, Springs (1)

Project Name	Brief Description	Project Status/Progress
	encroachments etc.). The programme further ensures the completion of due processes in terms of the aforementioned fields in order to eventually ensure that the township has been registered at the Deeds Office and the ownership has been upgraded from leasehold to freehold (Upgrading of Land Tenure Right)	
Development Ekurhuleni Town Planning Scheme.	The project aims to put in place the new consolidated Ekurhuleni Town Planning Scheme (ETOPS) by 30 June 2014, which will replace the current 17 Town Planning Schemes that are currently operational and apply a uniform approach in the assessment of land use applications across the metro.	The ETOPS was approved by Council in November 2014 and is in the process of being implemented across the City. Zonings of former town planning schemes and identified policies have been rescinded. Maps of the ETOPS are GIS database linked.
Development and Implementation of the Capital Investment Framework (CIF)	The CIF aims to drive CAPEX spend within defined geographic priority areas within the metro thus having a catalytic effect with regards to return on investment in relation to its social and developmental objectives.	The results of the Capital Investment Framework (CIF) evaluation of the MTREF Capital Budget was presented to IBALCO on 3 December 2015. Quarter 2 saw the continuation of the drafting of the BEPP and CIF for 2015/16 and the rest of the MTREF period. Additional CIF modelling was concluded, refinements were made to the CIF's Capital Prioritisation Model (CPM), and data was sourced for the 2016/17 BEPP.
Development of the (annual) Built Environment Framework (BEPP)	The Built Environment Performance Plan (BEPP) is a legislated document as described in the Division of Revenue Act, which seeks to assess and evaluate the development of the built environment fabric of the city and the impact thereof of major projects which utilise infrastructure grant funding within the built environment. These grants include ICDG, USDG, NDPG, PTIS, INEP	The BEPP is reviewed and submitted annually in line with the timeframes prescribed by national treasury. The City continues to receive tranche payments from the National Treasury for these identified infrastructure grants.

Project 1: Urban Design Policy

The Urban Design Policy is to inform the city design as aligned to the new planning language and Theory of change embedded in the Municipal Spatial Development Framework (MSDF). The Policy will address aesthetic principles of developments in relation to building designs,

landscape planning, beautification of urban and open spaces, urban space elements used in street furniture, interface of mixed uses etc. The policy will inform urban renewal and management in a manner that enhances identified nodes and precincts of the City. Research work for this project has commenced and there is a preliminary policy outline in place.

Project 2: Parking feasibility studies

The feasibility studies are to investigate the viability of parkades in Kempton Park, Germiston and other nodal areas. Feasibility studies, architectural concepts, landscaping, quantity survey costs were undertaken.

This is an attempt to promote non-motorised transport in CBDs and to rejuvenate decaying urban areas, most important to enhance revenue for the City of Ekurhuleni and promote new urban design that improves property development. An estimated cost of 6,5million will be spent on the parkade studies.

Project 3: Regularisation of unproclaimed townships

There are over 200 townships which township establishment procedures were not completed at the time that the townships were established. The aim is to complete all the processes so that the townships are fully established and registered. This will enable the communities in the townships to obtain freehold titles to their properties and therefore to use them as tradable assets. The CITY OF EKURHULENI will also be able to develop and/or dispose of municipal land within the townships. In addition, the CITY OF EKURHULENI will obtain valuable data relating to land use contraventions such as illegal development, encroachments, etc.

To date, the Department has fully completed three townships, with an additional 12 in various stages of progress. It is estimated that at the end of the financial year, 24 townships will be completed, including those carried over from last year in Germiston, Alberton, Benoni, Tembisa and Springs at an estimated cost of approximately R4.8 million. A target of 50 townships per year beginning in 2015/16, at a cost of R10m per year for the next four years has been set.

Project 4: Precinct Plans

Precinct plans are to attract investment and to rejuvenate decaying areas. It is envisaged that 3 precinct plans are to be formulated have been identified and they are: (1) Kempton Park CBD; (2) Germiston Lake; and (3) Bredell. Status quo analysis for the three precinct plans has commenced. It is estimated that the project will cost R5million.

Project 5: Rehabilitation of sinkholes and unlocking of dolomitic land

This project is to rehabilitate sinkholes and unlock land for development. The municipal landscape is 52% dolomitic. Service providers' contracts in place to assist with the management of geo-hazards, i.e. Consultant for rendering of professional services and management of contractors; contractor for the rehabilitation of sinkholes; contractor for the geo-physical investigations; and contractor for the percussion drilling. The department is continuously unlocking the undevelopable land and rehabilitating sinkholes as and when they occur.

The estimated cost of the project is R50mil for the 2018/19 financial year.

Project 6: Improved functionality of the GIS data management

This project centralizes the spatial data and information of the city. Continuously cleanses and matches the datasets of the GIS, Valuation Roll and Billing. The integrative GIS system of the city is continuously being improved and set up of Geo Hub or Portal is in progress.

Table 61 Operating Budget of the City Planning Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
City Planning	R	R	R	R	R	R	R	R	R
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies									
- Capital: Monetary	-	(42,288)	(12,029)	(32,373)	-	-100.00%	0.00%	-	-
SUB TOTAL: NON - EXCHANGE REVENUE	-	(42,288)	(12,029)	(32,373)	-	-100.00%	0.00%	-	-
EXCHANGE REVENUE									
Operational Revenue	(139)	(139)	(273)	(139)	(148)	5.90%	0.33%	(155)	(163)
Sales of Goods and Rendering of Services	(41,985)	(41,985)	(27,724)	(37,786)	(44,462)	5.90%	99.67%	(46,685)	(49,019)
SUB TOTAL: EXCHANGE REVENUE	(42,124)	(42,124)	(27,998)	(37,926)	(44,610)	5.90%	100.00%	(46,840)	(49,182)
TOTAL INCOME	(42,124)	(84,412)	(40,027)	(70,299)	(44,610)	-47.15%	100.00%	(46,840)	(49,182)
EXPENDITURE									
Employee Related Costs	198,319	198,140	149,427	198,140	214,572	8.29%	67.32%	234,977	257,324
Senior Management	2,187	2,187	1,718	2,187	2,158	-1.29%	0.68%	2,364	2,589
- SM - Salaries Allowances and Service Benefits	2,003	2,003	1,565	2,003	1,962	-2.05%	0.62%	2,149	2,353
- SM - Social Contributions	183	183	153	183	196	7.00%	0.06%	215	235
Municipal Staff	196,133	195,953	147,709	195,953	212,413	8.40%	66.64%	232,614	254,735
- MS - Salaries Allowances and Service Benefits	161,554	161,375	122,482	161,375	175,982	9.06%	55.21%	192,729	211,058
- MS - Social Contributions	34,578	34,578	25,227	34,578	36,421	5.33%	11.43%	39,884	43,677
Contracted Services	93,529	100,079	91,065	99,479	91,757	-8.32%	28.79%	93,512	95,480
- Outsource Services	370	346	189	307	240	-30.55%	0.08%	252	264
- Consultants and Professional Services	55,569	65,936	65,399	63,111	52,557	-20.29%	16.49%	51,771	51,034
- Contractors	37,591	33,797	25,477	36,061	38,960	15.28%	12.22%	41,489	44,183
Operational Cost	9,265	9,346	2,767	8,895	7,832	-16.20%	2.46%	8,037	8,255
Inventory	2,760	3,180	1,545	2,785	1,815	-42.94%	0.57%	1,916	2,024
Operating Leases	2,000	2,000	1,649	1,994	1,796	-10.24%	0.56%	1,975	2,173
Depreciation and Amortisation	1,036	1,036	863	1,036	979	-5.49%	0.31%	1,048	1,121
TOTAL EXPENDITURE	306,911	313,782	247,317	312,329	318,750	1.58%	100.00%	341,465	366,377
DEFICIT / (SURPLUS)	264,787	229,370	207,291	242,030	274,141	19.52%		294,624	317,195
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	264,787	229,370	207,291	242,030	274,141			294,624	317,195
TOTAL CHARGES	298	314	48	314	320	0		320	320
TOTAL CHARGES / RECOVERIES	298	314	48	314	320	0		320	320
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	265,085	229,684	207,339	242,344	274,460			294,944	317,514

2.10.4 COMMUNICATION & BRANDING DEPARTMENT**Key Strategic Projects of the Communication and Branding****Operational Budget**

Key strategic projects of the Communication and Brand Management Department

Strategic objective 1: A clear single brand identity

PROJECT NAME	PROJECT DESCRIPTION
A clear single brand identity	This objective is about tracking the brand promotion interventions implemented during the reporting period in pursuit of a clear single brand identity. The unit of analysis is the "brand promotion interventions", and the unit of measure is the "number of brand visibility interventions implemented".

Description**Corporate Identity**

This speaks to the branding done of all municipal buildings and facilities. A corporate identity provides a uniform way in which the City of Ekurhuleni brand is to be applied on all these facilities. An audit is normally performed which guides signage needs. There is also Ad-hoc requests from departments who requests signage on new facilities such as clinics, fire stations and libraries.

Campaigns

this refers to campaigns carried out by the department and in supporting other departments, e.g. It includes SoCA, Budget, Chris Hani, OR Tambo, Infrastructure cluster support campaigns, Social cluster support campaigns, Corporate and Governance cluster support campaigns, Investment Promotion Destination Marketing

Destination Profiling

Looks at profiling of the City as a destination for tourism and investment. This is through events which will profile the City, which could be SA Open, or Investment Promotions platforms such as the investment conference, and other avenues such as Tourism/Investment campaign in media (digital print, media broadcast) the three categories are used as the three targets per quarter and within each there are a number of items that relate to that category per quarter. A clear single brand identity refers to the application of the city of Ekurhuleni, and ensuring consistency in its application, as well as frequently of activation. One brand identity will ensure recognition of the City brand

Enhanced City stakeholder relations

PROJECT NAME	PROJECT DESCRIPTION
Enhanced City stakeholder relations	This strengthens existing platforms and also create new ones. It includes coordination of integrated stakeholder engagements.

Description

Examples of some of the platforms developed and utilized are listed below:

City Meets Business

This platform looks at strengthening the relations between the business community and the City. The implementation of this output ensures that the Executive Mayor, MMCs and HoDs are provided with a quarterly platform to address the business fraternity on developments within the City of particular relevance to them.

Investment Tours

This tool was developed specifically to provide the City with a formal platform to showcase key investment opportunities across the City. The rollout of this tour is planned as a monthly activity and is directed at investors, business media and incoming trade delegations.

Employee Roadshows

This platform looks at strengthening the relations between the City and its employees. The platform ensures that employees from across the spectrum are engaged and information about developments in the City.

Press Club

This platform looks at strengthening the relations between the media and Council. The implementation of this output ensures that various HODs and MMCs are afforded a monthly platform to address the media on various issues in relations to their service delivery departments. The Press Club involves all media from national to local media.

Table 62 Operating Budget of the Communication & Branding Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Communication and Brand Management									
EXPENDITURE									
Employee Related Costs	44,991	44,789	32,609	44,789	51,471	14.92%	69.68%	56,365	61,726
Senior Management	2,057	2,057	1,713	2,057	1,857	-9.71%	2.51%	2,033	2,227
- SM - Salaries Allowances and Service Benefits	1,928	1,928	1,593	1,928	1,717	-10.93%	2.32%	1,880	2,059
- SM - Social Contributions	129	129	120	129	140	8.46%	0.19%	153	168
Municipal Staff	42,935	42,732	30,897	42,732	49,614	16.10%	67.17%	54,332	59,499
- MS - Salaries Allowances and Service Benefits	35,805	35,603	26,514	35,603	42,913	20.53%	58.10%	46,994	51,463
- MS - Social Contributions	7,129	7,129	4,383	7,129	6,700	-6.01%	9.07%	7,338	8,036
Contracted Services	114	580	319	490	186	-67.94%	0.25%	191	196
- Outsource Services	84	566	319	474	163	-71.15%	0.22%	167	171
- Contractors	30	14	-	16	23	63.19%	0.03%	24	26
Operational Cost	50,201	47,814	20,499	46,146	16,448	-65.60%	22.27%	16,497	16,548
Inventory	6,399	9,790	6,358	7,834	2,121	-78.34%	2.87%	2,236	2,359
Operating Leases	3,759	3,759	3,454	3,759	3,374	-10.24%	4.57%	3,712	4,083
Depreciation and Amortisation	278	278	232	278	263	-5.49%	0.36%	282	301
TOTAL EXPENDITURE	105,743	107,010	63,470	103,297	73,863	-30.98%	100.00%	79,282	85,213
DEFICIT / (SURPLUS)	105,743	107,010	63,470	103,297	73,863	-30.98%		79,282	85,213
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	105,743	107,010	63,470	103,297	73,863			79,282	85,213
TOTAL CHARGES	43	43	9	43	46	0		46	46
TOTAL CHARGES / RECOVERIES	43	43	9	43	46	0		46	46
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	105,786	107,053	63,479	103,339	73,908			79,327	85,259

2.10.5 CORPORATE LEGAL SERVICES

The Corporate Legal Services Department contributes to ALL GDS imperatives with a strong focus being on GDS THERMATIC AREA 4 – Effective Corporate Governance through being an enterprise that drives legal compliance and specialized legal advisory services that cut across CITY OF EKURHULENI Departments and its Entities, focusing its resources on ensuring sustainable proper governance systems and processes focusing on promoting good governance. To ensure that this is attained, the focus is on all legal matters of Council in specialised fields such as Supply Chain Management, Intellectual Property, Housing and

Development, Compliance Management which includes managing CITY OF EKURHULENI Contracts, Municipal Court Operations, Infrastructure, Legal Research, and, specialised litigation.

The Department's main objective is to institutionalise legal compliance, guided by the following principles:

- To create a regulatory environment that enhances the capacity of the municipality to deliver consistent and qualitative legal advisory services;
- To ensure compliance with legislation applicable to Local Government throughout the CITY OF EKURHULENI and municipal Entities;
- To review the improvement and expansion of the governance model support to facilitate the implementation of the separation of powers;
- To strengthen the legal support service to the organization;
- To increase levels of legal compliance throughout the CITY OF EKURHULENI and within its Entities, and,
- To manage and reduce legal costs on cases by / against Council

Key Strategic Projects of the Corporate Legal Services Department

PROJECT NAME	PROJECT DESCRIPTION
Optimum operationalization of Municipal Courts within the City of Ekurhuleni	To strengthen By-law enforcement, eight (8) operational Municipal Courts located in Kempton Park (incl. Tembisa), Springs (incl. Kwa-Thema), Benoni, Palmridge, Boksburg, and Germiston were established. These Courts are an additional Magistrate's Courts with the sole purpose of enforcing By-laws and other National or Provincial legislation to improve governance and grant law-enforcement access throughout The City of Ekurhuleni.
Implementing an Electronic City-wide Records Management	Manage the City's records by ensuring a mandatory systemic interface between client departments and CLS on the management of ALL City of Ekurhuleni contracts which made it obligatory for all Contracts to be vetted by CLS before they were signed-off, and, signed copies returned to CLS for safe storage;
Review and rationalisation of CITY OF EKURHULENI By-laws	To develop a uniform set of CITY OF EKURHULENI By-Laws that are implementable, enforceable and, not in conflict with the Constitution and other applicable legislation.
Implementing an e-CMS (Electronic Contract Management system)	Ensuring that the Policy Framework used to manage the City's Contracts remain current and relevant and to include electronic contracts and international / cross-border contracts as well as the effect of industry-specific contracts such as FIDIC, NEC3, JBCC.

Operating Budget of the Corporate Legal Services Department

By the nature of its core business, the Department is not an income-generating Unit for the Metro and, therefore, its Operating Budget is primarily focused on the expenditure component.

However, there is income generated in the form of sundry income derived from legal cost recoveries.

The expenditure component is comprised of various cost drivers i.e. general expenses, contracted services, compensation of employees, repairs and maintenance (external and internal) and Grants-in-Aid categories. The major drivers are compensation of employees and contracted service categories. The biggest single cost item is Contracts: Legal Services, in the contracted services category spent on legal fees for Contracted Attorneys from Council's Panel in the defense of legal cases that proceed to Court by / against Council. Legal fees, unpredictable by their nature, significantly escalated during the past financial years and this has been identified as an area where the Department should continue developing and applying very stringent cost management mechanisms to reduce costs. One such key control mechanism is the two-pronged Due Diligence study undertaken to develop a CITY OF EKURHULENI Litigation Strategy, to highlight litigation triggers, generate management reports to analyse disputes, enable management of the performance of contracted Attorneys, critical appraisal of services rendered to client Departments and cooperation from client Departments, amongst others, is at an advanced stage of development:

- I. Development of a Case Management Framework which has been finalised used to manage litigious matters of the CITY OF EKURHULENI, submitted to the Senior Management Team for noting and, to be referred to the Corporate Services & Finance Mayoral Cluster, for further noting after which it will be implemented.
- II. The 2nd Phase currently underway is the identification of actual legal cases to be analysed and a survey to be conducted amongst the contracted Attorneys.

Focus will not only be on cutting costs but rather on getting value for money. The more applicable compliance legislation is promulgated; the more legal costs will go up due to stringent requirements for the municipality to comply with in ensuring compliance. The connotation is balance should be struck between rendering quality and efficient legal advisory services and strictly managing costs.

Legal costs are monitored and referred for taxation when warranted and regular meetings are held in this regard. The Department has no influence on the Court roster as the scheduling of matters heard by the Court is a process completely controlled by the Courts, therefore, the duration of legal cases is based on the nature of legal cases and is not influenced in any way except that the Departmental Legal Advisors manage all aspects of the case to ensure that when a matter is set down to be heard, whatever that is within the control of the Department in preparation of the Court hearing, is strictly complied with to avoid unnecessary delays that may result in the matter being postponed.

Legal cases result directly from actions and/or a failure to act (omissions) by different client CITY OF EKURHULENI Departments. Corporate Legal Services continues to manage all aspects of litigation services until conclusion through external legal Practitioners on a contracted basis.

The second phase of the due diligence study is expected to be completed by the end of the reporting period.

Table 63 Operating Budget of the Corporate Legal Services Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Corporate Legal									
INCOME									
EXCHANGE REVENUE									
Sales of Goods and Rendering of Services	(3,013)	(3,013)	(176)	(2,711)	(1,509)	-49.93%	100.00%	(1,584)	(1,663)
SUB TOTAL: EXCHANGE REVENUE	(3,013)	(3,013)	(176)	(2,711)	(1,509)	-49.93%	100.00%	(1,584)	(1,663)
TOTAL INCOME	(3,013)	(3,013)	(176)	(2,711)	(1,509)	-49.93%	100.00%	(1,584)	(1,663)
EXPENDITURE									
Employee Related Costs	46,572	45,398	31,901	45,398	52,633	15.94%	27.77%	57,638	63,120
Senior Management	2,419	2,419	2,056	2,419	2,585	6.83%	1.36%	2,830	3,100
- SM - Salaries Allowances and Service Benefits	2,288	2,288	1,946	2,288	2,444	6.82%	1.29%	2,676	2,931
- SM - Social Contributions	131	131	110	131	141	7.00%	0.07%	154	169
Municipal Staff	44,152	42,979	29,845	42,979	50,048	16.45%	26.40%	54,808	60,020
- MS - Salaries Allowances and Service Benefits	36,138	34,964	24,861	34,964	41,872	19.76%	22.09%	45,854	50,215
- MS - Social Contributions	8,014	8,014	4,984	8,014	8,176	2.02%	4.31%	8,954	9,805
Contracted Services	49,267	49,267	16,700	48,247	30,815	-37.45%	16.26%	22,151	18,235
- Outsourcing Services	208	208	131	188	144	-31.05%	0.08%	150	158
- Consultants and Professional Services	49,025	49,025	16,569	48,045	30,644	-37.49%	16.17%	21,972	18,046
- Contractors	33	33	-	15	27	-18.78%	0.01%	29	31
Operational Cost	2,598	2,335	723	2,238	1,252	-46.39%	0.66%	1,302	1,356
Inventory	982	1,182	498	1,119	332	-71.91%	0.18%	350	369
Transfers and Subsidies	103,369	103,369	3,369	103,369	102,897	-0.46%	54.28%	103,042	103,194
- Operational: Monetary	103,369	103,369	3,369	103,369	102,897	-0.46%	54.28%	103,042	103,194
Depreciation and Amortisation	1,724	1,724	1,437	1,724	1,629	-5.49%	0.86%	1,743	1,865
TOTAL EXPENDITURE	204,511	203,274	54,627	202,096	189,557	-6.75%	100.00%	186,227	188,139
DEFICIT / (SURPLUS)	201,498	200,261	54,451	199,384	188,049	-6.10%		184,643	186,476
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	201,498	200,261	54,451	199,384	188,049			184,643	186,476
TOTAL CHARGES	99	99	2	99	106	0		106	106
TOTAL CHARGES / RECOVERIES	99	99	2	99	106	0		106	106
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	201,597	200,360	54,454	199,483	188,154			184,748	186,582

2.10.6 CUSTOMER RELATIONS MANAGEMENT DEPARTMENT

Customer Relations Management Department was established with the main objective of managing the customer relations within City of Ekurhuleni (CoE). The main objective of the department is to provide seamless customer service throughout the City and promote open communication between the City and its residents and customers by encouraging an interactive participatory governance. To that end the City has a fully capacitated non-life threatening Call Centre and Customer Care Centres (CCCs) that are perfect platforms for promoting an accessible consultative and caring local government for the residents.

Key Strategic Projects of the Customer Relations Management Department

The Customer Relations Management Department is busy with the on-going establishment and refurbishment of the CCCs that are dotted across the Metro. The core benefits of these projects and thus the CCCs which are geographically distributed throughout the Metro includes:

- Providing an integrated service offering across City of Ekurhuleni communities;
- Improved efficiency and effectiveness of delivering municipal services;
- Improved ability to establish relationships with customers and influence full payment for services, thus ensuring City of Ekurhuleni profitability (100% revenue collection);
- Individualized marketing messages (evoking a sense ownership and loyalty);
- Improved revenue collection;

Operating Budget of the Customer Relations Management Department

Customer Relations Management Department is not a revenue generating department but serves as the link/conduit between the customers/residents of CITY OF EKURHULENI and all other departments with the primary focus being placed on effective service delivery and the resolution of customer queries and complaints.

In addition, CRM oversees the holding of Izimbizos and the day to day operational responsibility of the Lungile Mtshali Community Development Project (LMCDP) which is currently one of the major cost driver of the operating budget of the Department.

Table 64 Operating Budget of the Customer Relations Management

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Customer Relations Management									
INCOME									
EXCHANGE REVENUE									
Sales of Goods and Rendering of Services	-	-	(1,351)	-	-	0.00%	0.00%	-	-
SUB TOTAL: EXCHANGE REVENUE	-	-	(1,351)	-	-	0.00%	0.00%	-	-
TOTAL INCOME	-	-	(1,351)	-	-	0.00%	0.00%	-	-
EXPENDITURE									
Employee Related Costs	173,406	173,281	143,274	173,281	183,551	5.98%	70.52%	201,116	220,242
Senior Management	2,517	2,517	647	2,517	1,976	-21.50%	0.76%	2,164	2,370
- SM- Salaries Allowances and Service Benefits	2,515	2,515	646	2,515	1,974	-21.51%	0.76%	2,162	2,368
- SM- Social Contributions	2	2	0	2	2	2.25%	0.00%	2	2
Municipal Staff	170,888	170,763	142,627	170,763	181,675	6.39%	69.76%	198,952	217,872
- MS - Salaries Allowances and Service Benefits	136,187	136,063	118,680	136,063	151,378	11.26%	58.13%	165,774	181,539
- MS - Social Contributions	34,701	34,701	23,947	34,701	30,297	-12.69%	11.63%	33,178	36,333
Contracted Services	14,691	13,241	7,782	12,887	6,232	-52.93%	2.39%	5,491	4,818
- Outsource Services	3,684	3,669	2,540	3,589	2,799	-23.70%	1.07%	2,941	3,092
- Consultants and Professional Services	10,320	8,890	4,648	8,712	2,874	-67.67%	1.10%	1,954	1,092
- Contractors	687	682	594	586	559	-18.09%	0.21%	595	634
Operational Cost	8,752	10,610	6,185	9,488	5,232	-50.69%	2.01%	5,431	5,644
Inventory	16,431	17,769	8,934	17,090	10,411	-41.41%	4.00%	11,054	11,741
Depreciation and Amortisation	58,085	58,085	48,404	58,085	54,898	-5.49%	21.08%	58,741	62,853
TOTAL EXPENDITURE	271,364	272,985	214,579	270,830	260,424	-4.60%	100.00%	281,834	305,298
DEFICIT / (SURPLUS)	271,364	272,985	213,228	270,830	260,424	-4.60%		281,834	305,298
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	271,364	272,985	213,228	270,830	260,424			281,834	305,298
TOTAL CHARGES	570	819	481	703	609	(0)		609	609
TOTAL CHARGES / RECOVERIES	570	819	481	703	609	(0)		609	609
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	271,934	273,804	213,708	271,534	261,033			282,443	305,907

2.10.7 DISASTER AND EMERGENCY MANAGEMENT SERVICES

The result statements of the department are contained in the IDP in Annexure A.

Disaster and Emergency Management Services Department provides the following services to the community of Ekurhuleni:

- Fire Suppression;
- Fire Prevention and Fire Safety;
- Rescue Services;
- Emergency Medical Services;
- Management and handling of hazardous material incidents;
- Emergency Communications and Emergency Operations Centre, and;
- Disaster Management

Some of the Deliverables to date for the Department

The Department constructed and operationalized the following Seven (7) new major fire stations (Construction value more than R260 million):

- Daveyton
- Etwatwa
- Tsakane
- Zonkizizwe
- Duduza
- Kwa Thema
- Thokoza
- New Germiston Central Fire Station (is scheduled to be completed and operationalized before the end of **2017/18 Financial Year**)

Implementation of programme to establish major fire stations in all previously subserviced areas:

- Albertina Sisulu Corridor Fire Station
- Olifantsfontein Fire Station
- Elandsfontein / Isando Fire Station
- Katlehong Fire Station

Established the following Four (4) New Disaster Management Satellite Offices (Value: R20.5 million):

- Tsakane
- Katlehong
- Kempton Park
- Tembisa

Commissioning of Specialised Vehicles: Emergency Medical Services (ambulances)

DEMS Department managed to procure the following Specialised Vehicles: Emergency Medical Services during **2016/2017 Financial Year** for the total amount of R33m:

- 34x Ambulances
- 7x Paramedic Response Vehicles

Department made provision for total amount of R30m in **2017/2018 Financial Year** to procure the following Specialised Vehicles: Emergency Medical Services:

- 29x Ambulances
- 6x Paramedic Response Vehicles

Commissioning of Specialised Vehicles (Fire-fighting Vehicles)

- ❖ DEMS Department managed to procure Nine (9) completed Specialised Vehicles (Firefighting Vehicles) and eight (8) chassis/cabs in 2016/2017 Financial Year for the total amount of R30m
- ❖ Department made provision for R32m in **2017/2018 Financial Year** to procure the following:
 - Complete 5 x Specialized vehicles (Fire Engines);
 - 3 x Crane Trucks;
 - 1 x additional completed fire fighting vehicle and
 - 1 x chassis/cab to be completed in 2018/19

Operating Budget of the Disaster and Emergency Management Services Department

This department is also partly funded by the Gauteng Provincial Government for the provision of ambulance services. The majority of the department's costs are subsidised by assessment rates.

The main cost drivers are salaries and cost of provision of emergency services. The Emergency Services section operates on a 24/7 basis increasing the salary cost.

The provision of funds for disasters and emergency management is done within this cost centre. Disasters are dealt with as follows, in terms of the MFMA. Section 12 of the MFMA outlines the process of setting up relief funds to deal with disasters. The process to develop a disaster management funding model for the city and to ensure that both proactive and reactive activities of disaster management are catered for sufficiently, is underway as part of the SDBIP targets.

The City of Ekurhuleni's declared asset values for assets that are insurable amounts to R34 Billion. Excluded from these declared values, and subsequently cover thereon, are items such as roads, bridges, water and sewer network, and electricity network (because you can either not source cover for these items or if you could, it would simply be too expensive). However, items such as sub stations, pump stations (in other words, machinery-related) are covered.

Cover is capped at R1.5 Billion for any single event. Events covered are:

Fire and allied perils - which means fire, spontaneous combustion, spontaneous fermentation, spontaneous charring, spontaneous heating, lightning, thunderbolt, explosions, implosions, earthquakes and tremors, riot and strike, malicious damage, volcanic eruptions, subsidence and landslip, and acts of authorities.

Special perils - which means storm, wind, snow, water, hail, aircraft or other aerial devices or articles dropped therefrom, impact by vehicles (including railway) or animals, falling trees, accidental leakage from tanks, pipes etc.

Key Strategic OPEX Programmes of the Disaster and Emergency Management Services Department

Increasing the capacity of the Disaster & Emergency Management Services Department to be able to respond effectively to emergency situations is crucial. A strong 200 Fire Brigade Reserve Force is deployed in line with the City of Ekurhuleni Fire Brigade Reserve Force Policy which was approved by Council. These individuals will be called upon to supplement staff shortages and will be paid for every shift they are called for. They will also become handy during Disasters and Major incidents where additional properly trained human capacity is required. This contributes significantly to job creation and poverty alleviation efforts.

As part of the municipality's Informal Settlement Management Plan, the reduction of devastating fire incidents at Informal Settlements remain a priority. The Community Emergency Response Teams (CERT) Programme has seen more than 500 CERT members deployed in all 119 Informal Settlements. The spinoffs from this noble service delivery programme are: job creation, poverty alleviation and community participation in matters that affect them. At the end of 2013/14 financial year, this initiative saw the reduction of fire incidents in Informal settlements reduced by 52 fire incidents as compared with fire incidents during 2012/13. The Department is planning to reduce fire incidents in Informal settlements by 43 incidents in the current 2017/18 Financial Year as part of the SDBIP targets.

The Community Emergency Response Teams in this financial year 2017/18 were used in two major emergency incidents in Etwatwa in October 2017 and this year in January 2018 at Tembisa. They were assisting the DEMS Department with the following activities:

- Salvaging the roofs;
- Assessment of the damaged structures; and
- Distribution of humanitarian assistance such as food, dignity packs and blankets.

Fire Brigade Services is a very high risk occupation. Personal Protective Equipment for operational staff in the department is paramount and a legal requirement to achieve compliance to the Occupational Health and Safety Act.

Table 65 Operating Budget of the Disaster and Emergency Management Services Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
Disaster & Emergency Management Services									
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies	(158,155)	(158,155)	(158,155)	(158,155)	(167,328)	5.80%	87.58%	(176,698)	(176,698)
- Operational: Monetary	(158,155)	(158,155)	(158,155)	(158,155)	(167,328)	5.80%	87.58%	(176,698)	(176,698)
SUB TOTAL: NON - EXCHANGE REVENUE	(158,155)	(158,155)	(158,155)	(158,155)	(167,328)	5.80%	87.58%	(176,698)	(176,698)
EXCHANGE REVENUE									
Operational Revenue	(315)	(315)	(5)	(315)	(335)	6.27%	0.18%	(351)	(369)
Rental from Fixed Assets	(0)	(0)	(0)	(0)	(0)	5.80%	0.00%	(0)	(0)
Sales of Goods and Rendering of Services	(22,268)	(22,268)	(12,275)	(20,041)	(23,385)	5.02%	12.24%	(24,554)	(25,782)
SUB TOTAL: EXCHANGE REVENUE	(22,583)	(22,583)	(12,279)	(20,356)	(23,720)	5.03%	12.42%	(24,906)	(26,151)
TOTAL INCOME	(180,738)	(180,738)	(170,434)	(178,511)	(191,048)	5.70%	100.00%	(201,604)	(202,849)
EXPENDITURE									
Employee Related Costs	704,941	632,064	591,499	632,064	698,424	10.50%	84.25%	764,844	837,580
Senior Management	2,366	2,366	892	2,366	1,976	-16.52%	0.24%	2,163	2,369
- SM - Salaries Allowances and Service Benefits	2,193	2,193	819	2,193	1,974	-10.02%	0.24%	2,161	2,367
- SM - Social Contributions	173	173	73	173	2	-98.90%	0.00%	2	2
Municipal Staff	702,574	629,698	590,607	629,698	696,448	10.60%	84.01%	762,680	835,211
- MS - Salaries Allowances and Service Benefits	575,593	502,716	484,730	502,716	560,545	11.50%	67.62%	613,853	672,231
- MS - Social Contributions	133,022	133,022	105,877	133,022	141,944	6.71%	17.12%	155,442	170,225
- MS - Cost Capitalised to PPE	(6,041)	(6,041)	-	(6,041)	(6,041)	0.00%	-0.73%	(6,615)	(7,244)
Contracted Services	67,532	66,482	38,561	65,620	66,810	0.52%	8.06%	71,031	75,526
- Outsource Services	37,157	37,427	23,944	37,133	43,271	15.61%	5.22%	46,056	49,022
- Consultants and Professional Services	3,420	3,420	630	3,351	1,451	-57.56%	0.18%	1,451	1,451
- Contractors	26,955	25,615	13,987	25,135	22,088	-13.77%	2.66%	23,523	25,052
Operational Cost	39,186	38,286	23,761	36,654	26,697	-30.27%	3.22%	27,494	28,345
Inventory	22,570	26,813	17,266	25,809	15,656	-41.61%	1.89%	16,626	17,661
Operating Leases	61	61	-	60	-	-100.00%	0.00%	-	-
Depreciation and Amortisation	22,635	22,635	18,863	22,635	21,394	-5.49%	2.58%	22,891	24,493
TOTAL EXPENDITURE	856,925	786,322	689,950	782,843	828,980	5.43%	100.00%	902,886	983,605
DEFICIT / (SURPLUS)	676,187	605,584	519,515	604,332	637,932	5.34%		701,282	780,756
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	676,187	605,584	519,515	604,332	637,932			701,282	780,756
TOTAL CHARGES	22,862	23,720	82,610	23,147	24,789	0		24,789	24,789
TOTAL CHARGES / RECOVERIES	22,862	23,720	82,610	23,147	24,789	0		24,789	24,789
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	699,049	629,304	602,125	627,478	662,722			726,072	805,545

2.10.8 ECONOMIC DEVELOPMENT

The result statements of the department are contained in the IDP in Annexure A

The Economic Development Department (EDD) accounts to the Economic Development Oversight Committee which is responsible for driving urban and economic development of the City in line with the development imperatives of the National Development Plan, Vision 2030 (NDP), the Gauteng Ten Pillars Programme of Transformation, Modernisation and Reindustrialisation (TMR), the City's GDS 2055, the Integrated Development Plan (IDP) and Municipal Spatial Development Framework (MSDF).

In collaboration with various national and provincial structures, the department facilitate job creation, skills development, poverty alleviation and enhancement of industrial competitiveness. We focus on arresting flight of strategic investments by facilitating reduction in the cost of doing business within Ekurhuleni. Last, but not least, it also facilitates SMME and co-operatives development; Investment Promotion, Facilitation & Retention; and EPWP and CWP development and CoE's Job Creation programmes.

In terms of the National Outcomes, the Economic Development Department is tasked with leading, facilitating and promoting economic growth and development within the City of Ekurhuleni, with a targeted commitment to enhancing inclusivity and competitiveness of the Ekurhuleni economy through Economic Planning, Investment & Trade Facilitation and Tourism Destination Marketing in the City of Ekurhuleni, it strives to achieve the following strategic outcomes:

- Outcome 4: Decent employment through inclusive growth.** Including addressing spatial imbalances in economic opportunities through expanded employment in agriculture, the built environment and the densification of Metro's; specific to the EDD is the rollout of the township economies strategy. Also, the expansion of public employment schemes through the EPWP Phase III and CWP.
- Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all.** The EDD plays a supportive role, particularly to community agriculture towards addressing economic inequities. The Department does however, have a direct role to play in developing the agricultural sector.
- Outcome 9: Responsive, accountable, effective and efficient local government.** The role EDD play a collaborative support of others in ensuring the provision of basic services, in strengthening cooperative governance, sound financial and administrative management and support for the Integrated Urban Development Framework (IUDF). To lead in the promotion of social and economic development by positioning local government to create an enabling economic environment that stimulates competitive, inclusive and sustainable local economies - catalytic economic development programmes, and reducing the cost of doing business by reducing red tape.

During the 2018/19 financial year, the Department is aiming at implementing innovative programs and initiatives to create economic renewal and prosperity.

Operating Budget 2018/2019

The budget structure is informed by the new organizational structure and categorized as per the following cost centers:

- Office of the HoD: Economic Development
- Support Services
- Community Enterprise Development
- Industrial Investment Facilitation
- Job Creation and Skills
- Economic Partnership
- Tourism Development & Marketing
- Springs Fresh Produce Market

Operating Income

The income is mostly generated from Springs Fresh Produce Market (SFPM). The department also receives an Incentive Grant for the Expanded Public Work Programme (EPWP) through the Division of Revenue Act (DoRA).

Operating Expenditure

The operating expenditure of Economic Development is dedicated to various programme to enhance the economy of Ekurhuleni. The quick wins, aligned to the longer term imperatives, are aimed at stimulating ongoing motivation and related action towards implementation of the business plan of EDD.

In the area of enhancing the delivery of its core products and services to end-user beneficiaries, the EDD shall:

- 1) Effectively plan and package its strategic projects and game changers for investment and trade facilitation and operationalisation.
- 2) Develop and review the Ekurhuleni Economic Partnership Policy, Strategic Framework, Programme and Plan of Action to crowd-in Corporate Social Investment, Social Labour Plans and related external funding instruments for the benefit of communities in the city
- 3) Develop alternative funding models, incentive policies and business practices that are investor friendly and reduce the cost of doing business in the City, for domestic and export markets.
- 4) Develop a range of tourism products and services to attract business and recreational tourists.
- 5) Prioritise its resources, interventions and infrastructure development programme towards targeted sectors that stimulate the building of the City as an Aerotropolis and improve the revenue generating capability of the City.
- 6) Implement skills development and enterprise development programmes that stimulate human capital and entrepreneurial development.
- 7) Intervene in and drive job creation programmes such as the EPWP and CWP to alleviate unemployment in the short term.

In the area of enhancing the enabling services that support the delivery of its core products and services, the EDD shall:

- 1) Engage in strategic, formalised partnerships with public and private sector investment role-players to ensure programme alignment and optimal effectiveness.
- 2) Market and communicate a uniquely Ekurhuleni value proposition and package of products and services that creates brand visibility and positions the City as a destination of choice to investors and tourists alike.
- 3) Build its business intelligence and knowledge management capability through economic research and impact analysis that informs the economic development programmes of the Department.
- 4) Better manage stakeholder relations and establish community participation and engagement platforms that facilitate buy-in to the economic development programmes being pursued.
- 5) Be responsive to customer needs, complaints and queries.
- 6) Develop economic policies and strategies that stimulate economic development and transformation, are investor friendly and make it easier to do business in the City.

In the area of optimising internal systems, processes, governance and controls, the EDD shall:

- 1) Clearly define its role in the broader regional economic development value chain (eastern corridor development and Aerotropolis), and ensure that systems and processes are established that ensure the efficacy of services towards creating the desired impact at community and citizen level.
- 2) Ensure that sound financial, governance and risk management policies and procedures are in place that enables compliance, while being supportive to the service delivery value chain.
- 3) Establish delegations of authority that facilitate speedy decision making and decentralised accountability.
- 4) Put in place performance monitoring and evaluation systems, processes and reporting mechanisms that enable compliance and reduced audit findings.
- 5) Ensure it receives value for money from service providers / contractors through improved management controls, checks and balances.

In the area of optimising human capital management and development and building a high-performance organisation, the EDD shall:

- 1) Review its organisational structure to be in line with this strategic plan, supported by a comprehensive job design and evaluation process and the matching of skills to job profiles.
- 2) Resource its organisational structure, prioritising the identified areas of high impact as defined by this strategic framework.
- 3) Implement a values-based performance management system, focused on rewarding high performing – outcomes and values oriented – individuals and performance managing underperformers.

- 4) Train and up-skill staff to improve the capacity of the Department to deliver on its service delivery commitments.
- 5) Better communicate with management and staff through established communication mediums – face to face, electronic and print.
- 6) Build a conducive working environment – health, safety and wellness, teamwork, openness, transparency and accountability.

The Economic Development Department will focus on implementing job creation programmes and Mega and Flagship projects to deal with the challenges such as higher unemployment rates as large number of employment seekers cannot enter the labour markets due to low education and poor skills base.

Mega and Flagship Projects as pronounced by the Executive Mayor

Activity	Description
1. Coordination of the metro-wide job creation programme	
Purpose of the project	Coordinate a city-wide intervention that creates short- medium- and long-term work opportunities through the provision of training, experiential learning, and private sector placement opportunities.
Current progress on project	<p>The department is implementing the following Skills Development Programmes:</p> <p>1. Expanded Public Works Programme (EPWP)</p> <p>The EPWP is a programme that draws a significant number of unemployed people into productive work by giving them work opportunities coupled with skills development. The opportunities are offered through both capex and opex projects implemented by all Departments within the municipality. To date, the programme has recorded 9600 work opportunities.</p> <ul style="list-style-type: none"> • EPWP Vukuphile Contractor Learnership Programme <p>The Department is also implementing EPWP Vukuphile Contractor Learnership Programme, which is a programme focusing on developing emerging contractors. Currently there are 102 learner contractors and 102 learner supervisors that were on the programme since 2016.</p> <p>2. Community Skills Development</p> <p>The following programmes are implemented under Community Skills Development:</p> <ul style="list-style-type: none"> • Community Learnerships <p>Learnerships are implemented in partnership with various organizations. The young people enrolled on this Learnerships were recruited from the Job Summit & Career Expo. The Department has introduced and implemented several learnership programmes. Such learnership programmes are implemented in variety of departments within the city and varies in terms of duration and minimum entry requirements. The skills are offered primarily for effective and efficient service delivery initiatives. This in turn, uplifts the skills levels of the employees and allows members of the community for self-employment, for now and in the future. In essence, learnerships strive to align training interventions (courses) more closely to labour market needs. The programmes</p>

Activity	Description
	<p>implemented includes; Electrical Apprenticeship, Pharmacy Assistance, Municipal Finance Management, Call Centre Learnership, Disaster Management, Horticulture, Community House Building, Project Management, Early Childhood Development</p> <ul style="list-style-type: none"> Youth Placement Programme Ekurhuleni faces unprecedented challenges that are manifested through amongst other things; higher unemployment rates, large number of employment seekers who cannot enter the labour markets, low education and poor skills base. Young people are mostly affected by this challenge of unemployment. The Department continues to place learners through the Work Readiness Placement Programme. The Department continues to place learners through the Work Readiness Placement Programme. Bursary Provision As part of Community Development, the Economic Development has been cascaded the responsibility of Bursary provision in the City. This is part of the overall Organizational Youth Development Programme for the Municipality. The aim of the bursary scheme is to increase the knowledge and also to improve the employability of bursary holders after studies have been completed. This is a strategic project that supports the achievement of service delivery goals (Youth Development Programme and Job Creation). Bursaries are offered in the third quarter when learners have obtained their examination results. The Department is currently preparing for 2019 community bursary allocation Unemployed Graduates Youth Work Readiness Placement Programme The City of Ekurhuleni offers a placement opportunity to the youth of the City, this programme is one of the Mayoral priorities to enhance skills development and job creation Ekurhuleni faces unprecedented challenges that are manifested through amongst other things; higher unemployment rates, large number of employment seekers who cannot enter the labour markets, low education and poor skills base. Young people are mostly affected by this challenge of unemployment. The programme is a continuation of the current youth placement programme and seeks to place at least 2000 unemployed youth with third party institutions.
Future activities of the project	The department will continuously implement and coordinate the Coordinate of the metro-wide job creation programme. All these are projects are budgeted for in the Operating budget.
Activity	Description
2. Revitalisation of Township Economies	
Purpose of the project	Systematic intervention in the economic rejuvenation in the townships in a manner that addresses spatial inequalities through the development of economic infrastructure to drive economic activity.

Current progress on project	The initiative by the city of a flagship project to transform township economies to be efficient and successful. The project is implemented in two fold; one is the development of a proper and comprehensive strategy and implementation plan to turn around to Township economies. The other is the ongoing programme to roll-out economic infrastructure in townships, coupled with the intense SMME development programme. The work on Strategy has been completed save to say the department has initiated the process to get the approval of the strategy by council. This goes hand in hand with the process to finalise the implementation plan as well as the applications to the National treasury for NDGP funding.
Future activities of the project	<p>The development and pursuit of Township Economies Development programme has necessitated that the ownership and design of municipal shops be looked-into.</p> <ul style="list-style-type: none"> ▪ The transformation of five CoE township complexes into prosperous, compact, sustainable and better managed urban centres with vibrant economies, better transport linkages, well managed public spaces and infrastructure. The goal is to redevelop CoE townships into great places to live, work and play. ▪ Targeted investment in public spaces, public infrastructure and public buildings is prioritised to boost private investor confidence. ▪ The focus of the economic sector is to develop and grow a diversified economy that goes beyond the prominent retail developments and seeks to attract investment in other sectors such as light industrial, manufacturing, agriculture and tourism. A combination of attracting external investment and supporting local entrepreneurs, particularly in the SMME and co-operatives sector, is at the centre of the economic strategy

Activity	Description
3. Revitalisation of Manufacturing Sector	
Purpose of the project	To stimulate industrial activity, efficiencies and competitiveness of industrial and manufacturing sector entities through the implementation of the 13 Pillar Programmes.
Current progress on project	<p>The Revitalization of the Manufacturing Sector project is being implemented through the 13 Pillar Programme where a number of instruments have been identified to activate the 13 Pillars and these are as follows:</p> <ul style="list-style-type: none"> • 5-year Industrial Development Policy, Strategy and Programme • 10-year Industrial Development & Upgrade, Productivity Improvement and Competitiveness Programme • 10-year Economic Development Strategy and Programme of Action • National Cleaner Production Centre (NCPC-SA) • Investment and Development Facilitation Strategic Policy Framework • The Manufacturing Indaba • Aerotropolis Annual Investment Conference and Exhibition

Activity	Description
	The strategies and programmes listed above are undertaken to inform a more organised industrial development the City is pursuing and to identify value chain opportunities to inform the development of the industrial sectors cluster programmes. The City's strategies and programmes are developed in alignment with the National Government strategies, programmes and priorities such as the Industrial Policy Action Plan (IPAP).
Future activities of the project	Facilitation of the Manufacturing sector is an ongoing programme and budgeted for 2018/19). The pipeline projects are as follows: upgrade in Wadeville and Labore. As part of the Revitalisation of the manufacturing sector, the department is in the process of looking at the feasibility of developing new industrial areas. The feasibility will inform future capital investments into this flagship programme.
Activity	Description
4. Ekurhuleni Aerotropolis Development Programme	
Purpose of the project	To implement the Ekurhuleni Aerotropolis Development Programme.
Current progress on project	<p>The Aerotropolis Master Plan was approved by Council on the 24th of October 2017 and is ready for implementation. Special Purpose Vehicle (SPV) Legal Framework and Aerotropolis Advisory Panel has not yet been concluded but will be finalised in the current financial year.</p> <p>The 30 years Aerotropolis Master Plan has highlighted the importance of the initial 5 years of the programme to be crucial in building investor confidence and improving the traction of the Aerotropolis programme. as a result, the greening and beautification of the Airport Core and related corridors of N17; N12; R21; R23, R24, etc. has become urgent in order to improve the environment and look and feel of these priority areas.</p> <p>The 30 years Aerotropolis Master Plan has necessitated the establishment of the PMU office, hence suitable offices have been identified. These offices required refurbishment in order to entrench the Aerotropolis Project Management Office at OR Tambo International Airport.</p> <p>To date the following has been achieved:</p> <ul style="list-style-type: none"> Stakeholder engagement process continued and produced valuable insights that are critical in shaping the thinking as the project unfolds. These engagements are the first set of engagements with government, business, civil society, academic institutions and organised groups to share thinking and the direction that the Ekurhuleni Aerotropolis should take. The second set of engagements will take place once the longer term strategy is concluded. Parallel to the development of the longer term strategic plan, a need to operationalize the Aerotropolis concept in the short term has been identified, to enable rolling out of the vision tangibly. This meant deciding on Priority Projects that must be developed now and positioning CITY OF EKURHULENI for their implementation. 19 short term priority projects have also been identified in the Strategic Road Map, addresses and advances critical Aerotropolis concepts identified in the Strategic Road Map, Planning and Land

Activity	Description
	<p>Use Guidelines (PLUG) and the Five Year Implementation Plan. These projects vary in complexity, implementation requirements and realization, but they address the common goals and themes of the Ekurhuleni Aerotropolis.</p> <ul style="list-style-type: none"> • Business case for the establishment of an Ekurhuleni Aerotropolis Management Agency has been developed.
Future activities of the project	<p>The 30 years Aerotropolis Master Plan has necessitated that strategic Aerotropolis projects should be activated as per the Master Plan in order to attract and bring crowd-in investments. In this regard, CITY OF EKURHULENI shall invest in land acquisitions, external engineering infrastructure and top building structures that will enable and attract strategic private investments in the Aerotropolis Core.</p> <p>Master Plans Aerotropolis Implementation (Project Facilitation)</p> <p>Appointment of a team leader and team of consultants to render Turnkey Administration, Project Management and related Professional Services for implementation of the 30 Years Aerotropolis Master Plan in the Economic Development Department from 01 July 2016 until 30 June 2019 on a rate base structure.</p> <p>The 30 years Ekurhuleni AMP prescribes the acute prerequisite of the establishment of a Programme Management Unit (PMU) as an interim governance structure for the initial 3 years with the following competencies: Administration and Secretariat Service; Legal Services and Conveyancing; Structured Project Finance and PPP; Property Planning & Development; Communications, Marketing and Stakeholder Management; and Strategic Investment Packaging, Promotion and Facilitation.</p> <p>One of the Council Resolution on Aerotropolis Masterplan was the following</p> <p>“That a special budget provision and funding model on a public-private-partnership basis (PPP) to raise and/or leverage external funding for Aerotropolis Catalytic projects and for the installation of external engineering service requirements, BE ESTABLISHED.” This will be budgeted for 208/19 financial year.</p>

Table 66 Operating Budget of the Economic Development Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Q1 Total	F02 R'000 2019/20	F03 R'000 2020/21
Economic Development									
INCOME									
NON - EXCHANGE REVENUE									
- Transfers and Subsidies	(44,718)	(44,718)	(38,012)	(44,718)	(25,054)	-43.97%	50.63%	-	-
- Operational: Monetary	(44,718)	(44,718)	(38,012)	(44,718)	(25,054)	-43.97%	50.63%	-	-
SUB TOTAL: NON - EXCHANGE REVENUE	(44,718)	(44,718)	(38,012)	(44,718)	(25,054)	-43.97%	50.63%	-	-
EXCHANGE REVENUE									
- Interest, Dividends and Rent on Land	(27)	(27)	7	(25)	(28)	5.00%	0.06%	(29)	(31)
- Operational Revenue	(21,067)	(21,067)	(17,258)	(21,067)	(22,116)	4.98%	44.69%	(23,221)	(24,382)
- Rental from Fixed Assets	(2,176)	(2,176)	(768)	(1,958)	(2,285)	5.00%	4.62%	(2,399)	(2,519)
- Sales of Goods and Rendering of Services	(3)	(3)	(15)	(3)	(3)	5.01%	0.01%	(4)	(4)
SUB TOTAL: EXCHANGE REVENUE	(23,273)	(23,273)	(18,033)	(23,053)	(24,432)	4.98%	49.37%	(25,653)	(26,936)
TOTAL INCOME	(67,991)	(67,991)	(56,046)	(67,771)	(49,486)	-27.22%	100.00%	(25,653)	(26,936)
EXPENDITURE									
Employee Related Costs									
- Senior Management	101,236	151,296	128,729	151,296	182,177	20.41%	56.39%	172,065	188,429
- SM - Salaries Allowances and Service Benefits	2,359	2,359	2,040	2,359	2,419	2.55%	0.75%	2,649	2,901
- SM - Social Contributions	2,357	2,357	2,038	2,357	2,417	2.55%	0.75%	2,647	2,898
- Municipal Staff	2	2	2	2	2	7.92%	0.00%	2	2
- MS - Salaries Allowances and Service Benefits	98,877	148,937	126,689	148,937	179,758	20.69%	55.64%	169,417	185,528
- MS - Social Contributions	89,659	139,718	121,493	139,718	171,811	22.97%	53.18%	160,713	175,997
- Contracted Services	9,219	9,219	5,196	9,219	7,947	-13.79%	2.46%	8,703	9,531
- Outsourced Services	19,414	28,212	20,055	28,496	8,127	-71.20%	2.52%	6,735	5,456
- Consultants and Professional Services	201	10,419	9,032	10,413	65	-99.38%	0.02%	65	65
- Contractors	15,877	15,327	9,747	15,068	4,975	-67.54%	1.54%	3,383	1,891
Operational Cost	3,336	2,466	1,276	3,015	3,086	25.14%	0.96%	3,287	3,501
Inventory									
- Interest Dividends and Rent on Land	65,552	72,888	60,937	70,800	74,071	1.62%	22.93%	74,246	74,433
- Operating Leases	54,521	46,216	22,583	44,499	15,623	-66.20%	4.84%	16,484	17,409
- Depreciation and Amortisation	953	953	-	934	-	-100.00%	0.00%	-	-
TOTAL EXPENDITURE	246,120	304,009	236,007	300,469	323,046	6.26%	100.00%	316,370	336,691
DEFICIT / (SURPLUS)	178,129	236,019	179,962	232,697	273,561	15.91%		290,717	309,755
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	178,129	236,019	179,962	232,697	273,561			290,717	309,755
TOTAL CHARGES	488	488	149	488	524	0		524	524
TOTAL CHARGES / RECOVERIES	488	488	149	488	524	0		524	524
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	178,617	236,507	180,111	233,186	274,085			291,241	310,279

2.10.9 CITY OF EKURHULENI METRO POLICE DEPARTMENT (EMPD)

The result statements of the department are contained in the IDP in Annexure A

Key projects of the Ekurhuleni Metro Police Department

- Improve organisational effectiveness in policing services (crime prevention, by-law enforcement, security and traffic law enforcement).
- Improve organisational governance vs. creating a better/improved enabling environment in EMPD.
- Build a new 'officer core' and improve discipline among the ranks.
- Grow community engagement (through social crime prevention programmes and Community Policing Forums).

Operating Budget of the City of Ekurhuleni Metro Police Department

The EMPD Operating Expenditure Budget comprises mainly of remuneration-related (salaries etc.) expenses which is 67% of the total budget. Contracted services which include the security contract comprises a further 25% of the budget. The balance of 8% is budgeted for the other general expenses including the operational costs, inventory and operating leases.

One of the single greatest cost components of the EMPD (excluding salaries) is that of the outsourced contracted services (which includes the security contract) with a total of 22% of the total OPEX budget.

The Operating Budget per category is attached hereto

Table 67 Operating Budget of the City of Ekurhuleni Metro Police Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Ekurhuleni CoE Police Department (EMPD)									
INCOME									
NON - EXCHANGE REVENUE									
Fines, Penalties and Forfeits	(155,260)	(130,260)	(101,385)	(127,663)	(129,044)	-0.93%	99.12%	(135,496)	(142,271)
SUB TOTAL: NON - EXCHANGE REVENUE	(155,260)	(130,260)	(101,385)	(127,663)	(129,044)	-0.93%	99.12%	(135,496)	(142,271)
EXCHANGE REVENUE									
Operational Revenue	(846)	(846)	(983)	(846)	(895)	5.90%	0.69%	(940)	(987)
Sales of Goods and Rendering of Services	(231)	(231)	(441)	(208)	(245)	5.82%	0.19%	(257)	(270)
SUB TOTAL: EXCHANGE REVENUE	(1,077)	(1,077)	(1,424)	(1,054)	(1,140)	5.88%	0.88%	(1,197)	(1,257)
TOTAL INCOME	(156,337)	(131,337)	(102,809)	(128,717)	(130,184)	-0.88%	100.00%	(136,694)	(143,528)
EXPENDITURE									
Employee Related Costs	1,096,858	917,799	1,023,210	917,799	1,080,442	17.72%	71.16%	1,183,192	1,295,714
Senior Management	2,201	2,201	1,752	2,201	2,096	-4.78%	0.14%	2,295	2,513
- SM - Salaries Allowances and Service Benefits	2,199	2,199	1,669	2,199	2,041	-7.18%	0.13%	2,235	2,448
- SM - Social Contributions	2	2	84	2	55	2798.73%	0.00%	60	66
Municipal Staff	1,094,658	915,598	1,021,458	915,598	1,078,347	17.78%	71.02%	1,180,897	1,293,201
- MS - Salaries Allowances and Service Benefits	903,596	724,536	852,090	724,536	852,946	17.72%	56.18%	934,061	1,022,890
- MS - Social Contributions	201,223	201,223	169,751	201,223	235,562	17.07%	15.51%	257,964	282,496
- MS - Cost Capitalised to PPE	(10,161)	(10,161)	(383)	(10,161)	(10,161)	0.00%	-0.67%	(11,127)	(12,186)
Contracted Services	272,408	336,082	260,048	328,187	324,013	-3.59%	21.34%	337,245	352,038
- Outsource Services	232,366	298,590	234,892	292,206	298,947	0.12%	19.69%	315,388	332,735
- Consultants and Professional Services	36,279	33,279	23,446	32,613	22,644	-31.96%	1.49%	19,280	16,562
- Contractors	3,764	4,214	1,709	3,368	2,423	-42.50%	0.16%	2,577	2,741
Operational Cost	66,920	75,379	50,598	74,367	87,184	15.66%	5.74%	90,835	92,418
Inventory	31,626	41,377	26,804	33,075	26,703	-35.46%	1.76%	28,394	30,197
Operating Leases	537	537	-	527	-	-100.00%	0.00%	-	-
TOTAL EXPENDITURE	1,468,350	1,371,175	1,360,659	1,353,954	1,518,343	10.73%	100.00%	1,639,667	1,770,367
DEFICIT / (SURPLUS)	1,312,014	1,239,838	1,257,850	1,225,237	1,388,158	11.96%		1,502,973	1,626,839
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	1,312,014	1,239,838	1,257,850	1,225,237	1,388,158			1,502,973	1,626,839
TOTAL CHARGES	7,738	7,990	6,702	7,965	8,302	0		8,302	8,302
TOTAL CHARGES / RECOVERIES	7,738	7,990	6,702	7,965	8,302	0		8,302	8,302
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	1,319,751	1,247,828	1,264,553	1,233,202	1,396,460			1,511,275	1,635,141

2.10.10 ENERGY

The result statements of the department are contained in the IDP in Annexure A

Key Strategic Projects of the Energy Department

NAME OF THE PROJECT	BRIEF DESCRIPTION
Solar lighting for informal settlements	Provision of four solar powered lights plus cell phone charger
One megawatt landfill gas projects	Generation of energy from methane gas at landfill sites
Building/Upgrading of Substations	Create transformer capacity and increase remaining useful life of substation
Electrification of subsidised households and informal settlements in areas such as (Langaville, Inxiweni, Marikana, Winnie Mandela and Ekuthuleni)	Electrification of stands
Lighting of areas	Provision of streetlights and high mast lights in certain areas priority in informal settlements.

Operating Budget of the Energy Department

The Operating Budget of the Energy Department consists mainly of the repairs and maintenance and bulk purchases in terms of operating expenses and electricity sales in respect of operating income.

An amount of R547m is allocated for preventative maintenance of the electrical infrastructure and energy efficiency.

Refurbishment / Preventative maintenance

Work with regard to the refurbishment budget is prioritised based on the department's approved asset management refurbishment programme and will be amended as and when required in order to address newly identified priorities. Forced interruption statistics, local knowledge, asset age and inspection results are used to identify refurbishment projects. A detailed multi-year refurbishment plan has been compiled and is currently being implemented by the department.

Repairs and Maintenance

Repairs and maintenance forms part of the department's daily asset management activities. Repairs are carried out as and when required. Maintenance is done in accordance with the department's approved maintenance plan.

OPERATING INCOME

Energy Department will continue to focus efforts on accurate metering, a reduction in energy losses and migrate indigent customers to prepayment metering. Efforts to reduce meter tampering and illegal connections will continue, as will the fight against cable and copper theft. Finally, the continued installation of energy efficient streetlights and also LED signals for all traffic lights would assist in reducing energy consumption in municipal operations.

The Operating Budget per category is shown below.

Table 68 Operating Budget of the Energy Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Energy Department									
INCOME									
NON - EXCHANGE REVENUE									
Fines, Penalties and Forfeits	(7,562)	(7,562)	(4,226)	(7,257)	(7,562)	0.00%	0.05%	(7,940)	(8,337)
Transfers and Subsidies	(766,442)	(778,754)	(729,206)	(778,754)	(841,582)	8.07%	5.78%	(850,062)	(988,743)
- Operational: Monetary	(492,442)	(492,442)	(491,576)	(492,442)	(552,582)	12.21%	3.80%	(608,997)	(671,743)
- Capital: Monetary	(274,000)	(286,313)	(237,630)	(286,313)	(289,000)	0.94%	1.99%	(241,065)	(317,000)
SUB TOTAL: NON - EXCHANGE REVENUE	(774,003)	(786,316)	(733,432)	(786,011)	(849,144)	7.99%	5.84%	(858,001)	(997,080)
EXCHANGE REVENUE									
Service Charges	(12,838,771)	(12,938,771)	(10,862,885)	(12,809,383)	(13,595,345)	5.07%	93.43%	(14,750,950)	(16,004,780)
Interest, Dividends and Rent on Land	(80,000)	(80,000)	(28,596)	(76,000)	(84,800)	6.00%	0.58%	(89,040)	(93,492)
Operational Revenue	(10)	(10)	-	(10)	(11)	5.96%	0.00%	(11)	(12)
Rental from Fixed Assets	(3,767)	(3,767)	(3,322)	(3,391)	(4,069)	8.00%	0.03%	(4,272)	(4,486)
Sales of Goods and Rendering of Services	(17,078)	(17,078)	(17,457)	(15,370)	(18,443)	7.99%	0.13%	(19,365)	(20,333)
SUB TOTAL: EXCHANGE REVENUE	(12,939,627)	(13,039,627)	(10,912,260)	(12,904,154)	(13,702,668)	5.08%	94.16%	(14,863,638)	(16,123,103)
TOTAL INCOME	(13,713,630)	(13,825,943)	(11,645,692)	(13,690,165)	(14,551,811)	5.25%	100.00%	(15,721,640)	(17,120,184)

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Energy Department									
EXPENDITURE									
Employee Related Costs	401,749	353,768	402,269	353,768	403,083	13.94%	3.10%	441,416	483,395
Senior Management	2,181	2,181	2,187	2,181	2,833	29.87%	0.02%	3,103	3,398
- SM - Salaries Allowances and Service Benefits	2,180	2,180	2,040	2,180	2,692	23.52%	0.02%	2,948	3,229
- SM - Social Contributions	2	2	147	2	141	7438.17%	0.00%	154	169
Municipal Staff	399,567	351,587	400,082	351,587	400,250	13.84%	3.08%	438,314	479,997
- MS - Salaries Allowances and Service Benefits	382,979	334,998	335,838	334,998	377,416	12.66%	2.90%	413,308	452,614
- MS - Social Contributions	83,807	83,807	64,244	83,807	90,053	7.45%	0.69%	98,617	107,996
- MS - Cost Capitalised to PPE	(67,219)	(67,219)	-	(67,219)	(67,219)	0.00%	-0.52%	(73,611)	(80,612)
Contracted Services	421,597	426,670	275,578	422,604	440,212	3.17%	3.39%	465,949	493,563
- Outsourcing Services	346,374	334,511	242,286	333,065	366,569	9.58%	2.82%	389,077	413,091
- Consultants and Professional Services	2,787	12,767	2,598	12,531	5,061	-60.42%	0.04%	4,006	3,016
- Contractors	72,436	79,372	30,693	76,988	68,582	-13.59%	0.53%	72,866	77,456
Operational Cost	29,860	30,390	19,994	28,901	25,226	-16.99%	0.19%	25,326	26,674
Inventory	637,022	571,391	322,957	563,606	675,258	18.18%	5.20%	730,942	791,249
Bulk Purchases	9,193,632	9,283,632	7,494,177	9,283,632	10,028,837	7.91%	77.18%	11,031,721	12,024,576
Interest Dividends and Rent on Land	173,152	136,009	119,791	136,009	94,480	-30.53%	0.73%	102,983	112,251
Contribution for Bad Debt	804,303	804,303	670,253	804,303	862,905	7.29%	6.64%	931,337	1,006,492
Depreciation and Amortisation	490,387	490,387	408,656	490,387	463,486	-5.49%	3.57%	495,930	530,645
TOTAL EXPENDITURE	12,151,702	12,106,550	9,713,674	12,083,209	12,993,466	7.33%	100.00%	14,226,805	15,468,845
DEFICIT / (SURPLUS)	(1,561,928)	(1,719,393)	(1,932,018)	(1,596,956)	(1,558,325)	-9.37%		(1,494,835)	(1,651,338)
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(1,561,928)	(1,719,393)	(1,932,018)	(1,596,956)	(1,558,325)			(1,494,835)	(1,651,338)
TOTAL RECOVERIES	(712,277)	(712,277)	(584,085)	(712,277)	(765,922)	0		(765,922)	(765,922)
TOTAL CHARGES	1,512,683	1,512,692	841,954	1,512,692	1,620,032	0		1,620,032	1,620,032
TOTAL CHARGES / RECOVERIES	800,407	800,415	257,869	800,415	854,110	0		854,110	854,110
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(761,521)	(918,977)	(1,674,148)	(796,541)	(704,215)			(640,725)	(797,228)

2.10.11 ENVIRONMENTAL RESOURCE MANAGEMENT

The budget of the department includes provision for the following divisions namely:

1. Strategy and Planning
2. Environmental Protection and Resilience
3. Legislative Compliance
4. Park and Cemeteries
5. Infrastructure Planning and Coordination
6. Support Services

The department has one flagship project - Beautification of Lakes and Dams. The beautification of lakes and dams will enhance the rich wetland environment within the Ekurhuleni region. The aim is to position the city as being a preferred destination for investment, home for water sport, water economics and hospitality. This will thus involve ensuring that the water bodies within the region are rehabilitated, healthy and have the necessary infrastructure to enable the community to live and play within these areas.

The planned activities around water body rehabilitation are related to the following projects:

- Boksburg Lake Rehabilitation: Environmental authorizations for the lake rehabilitation plan will be applied for and completed.
- Rehabilitation of degraded wetlands: The aim is to restore biodiversity, flood control and aesthetic values of the wetland.
 - Rehabilitation of the Elsburgspruit catchment
 - Rehabilitation of Blesbokspruit catchment
 - Rehabilitation of homestead lake
 - Rehabilitation of Kaalspruit catchment
 - Rehabilitation of Rietspruit catchment
 - Rehabilitation of Rietvlei catchment
 - Rehabilitation of Natspruit catchment
 - Rehabilitation of Jukskei catchment
 -

Most of the budget of the department is spent on parks and cemeteries upgrade, development of town entrances and replacement of aged fleet.

Development of Parks

The development of parks and conservation areas is an ongoing process in CITY OF EKURHULENI to ensure that communities' needs are addressed within available budget, linked to the IDP and other development plans of CITY OF EKURHULENI. It also includes the completion of Town Entrances that form part of the Acupuncture Project.

Development of Cemeteries

Development of cemeteries is a necessity to address the shortage of burial space in CITY OF EKURHULENI and to ensure that all cemeteries within the City comply with the environmental requirements (authorizations). This also makes provision for the development of alternative burials.

Fleet and Specialised Equipment

A substantial budget has been provided for the acquiring of new vehicles as well as the replacing of old vehicles that exceeded their life span and will include tractors, cherry pickers, stump grinders, tipper trucks, water tankers and crew carriers, amongst others.

A large number of specialised equipment will also be acquired to increase operational efficiency and will include lawn mowers, ride-on mowers, and pruning equipment and brush cutters.

The Department 2017/2018 capital budget to implement 47 Capital projects is divided into Nine Programme as follows

Project Name	Scope of work	Progress
Alarms: Metro Parks Facilities	Supply, delivery installation of alarms, CCTV cameras etc.	Project implemented through Vukuphile. Contractor allocated and site hand over completed. Delay in starting with implementation. ERM and DED working to resolve the delay.
Develop and upgrade cemeteries in the east Nigel (Alra park)	Roads construction, and demarcation of graves	Geotech completed. Allocation of contractors done to define scope of work. Master Plan approved. Road designs are completed and approved. Project delayed and is at 2%.
Develop and upgrade cemeteries in the east Boksburg (Boksburg Sub-Regional)	Clearing of sites, Building of minor works, Paving, Roads construction, Fencing, Planting of trees, shrubs and grassing, Irrigation, Maintenance	Contractor appointed and is on site. Site establishment and site clearance is completed. Site pegging completed. Road designs completed and approved. Construction work in progress, 10%
ICT Equipment	Printers, desktop computer & laptops	Needs submitted to ICT
ICT Equipment	Printers, desktop computer & laptops	Needs submitted to ICT
Office furniture	Procuring various office furniture.	Needs submitted to Real Estate
Office furniture	Procuring various office furniture.	All furniture received and payments completed.
Other Equipment	Procuring various other equipment.	All other equipment delivered with 100% expenditure
Other Equipment	Procuring various other equipment.	Various orders placed with service providers. Delivery expected in February
Purchase Specialized Equipment	Operational tools and equipment: brush cutters, LDV Mouted heavy site sprayer,	Partial delivery of specialized equipment was done. Expecting more delivery on orders. Project is

	trailer, lawnmowers, Chainsaws, Blowers, Brush cutters, etc	
Rehabilitation of the Natspruit Catchment: Withok Estate	Installation of Gabions, Construction of weirs and re-vegetating the wetland	Contractor appointed and site hand over was done on the 20th October 2017. Site establishment completed. Excavation completed. Material has been ordered for Gabions. The project is progressing well and it at 32%
Rehabilitation: Degraded Wetlands/ Catchment: Illiondale	Installation of Gabions, Construction of weirs and re-vegetating the wetland	Contractor appointed and is onsite. Site establishment and site clearance is completed. Construction is at 40%. The project has been halted as the Water and sanitation department is currently busy with construction of sewer outflow at the same site.
Specialized Equipment	supply, delivery, installation of outdoor and indoor interactive environmental learning equipment, furniture and exhibition signage for environmental education centres and field equipment	Various orders created before the end of quarter 2. Expecting delivery of equipment in February 2018.
Vehicles - More Than 2 seats	Procurement and delivery of vehicles (two seats and less)	All vehicles delivered. Project is at 99%.
Vehicles - Two seats and less	Procuring of various fleet with more than two seats e.g. crew carriers.	88% of vehicles delivered. Last delivery expected by 28 February 2018.
Develop/Upgrade cemeteries in the north Kempton Park (Bredell Cemetery)	Landscape Layout, Planting palette trees, Engineering plans, Lighting option and Proposed entrance upgrade	Contractor appointed and on site. Paving area prepared. Progress of the project is at 30%

Develop/Upgrade cemeteries in the north Tembisa (Mooifontein Cemetery)	Hard and soft landscaping (including irrigation) for the Birch Leigh entrance, Fencing one stop shop, and Ablution facility for employees (male ablutions with kitchen dimensions – 12m by 3, and female ablutions 6m by 3.0m).	This project is completed and Practical completion was issued Thursday (14/12/2017)
New cemetery in South Alberton (Kromvlei Cemetery)	Construction of Jenaza – gazebo, Ablution facility, Installation of access control, and Demarcation of burial blocks.	This project is completed and Practical completion was issued Thursday (18/01/2018)
New cemetery in South Vosloorus (Cambrian Cemetery)	Clearing of sites, building of minor works, Paving, Roads construction, Fencing, Planting of trees, shrubs and grassing, Irrigation, Maintenance	Earthworks have commenced and project is on schedule. Progress is at 20%.
Develop/Upgrade cemeteries in the south Germiston (Thomas Nkobe)	Storm water Management Plan, Storm water design, Geotechnical studies, Master Plan, Environmental Impact Assessment study and Traffic Assessment study	Geotechnical report is completed. Specialist studies to be completed. Geotech report completed. . Traffic impact assessment completed. Conceptual master plan complete and ready to be workshopped on the 2nd February 2018.
Develop/Upgrade Parks SPRINGS: (Welgedacht Park)	Site earthworks and other preparation, New pedestrian walkway paving and entrance node paving, Installation of vehicular paving for off-street parking, New children's play area with concrete slabs	. Contractor appointed and is onsite. Site establishment and site clearance is completed. Bulk Material purchased. Construction work in progress is as follows: Base preparation for Paving Off-street parking, solar Poles Installation, Construction of Seating wall, Construction of Podium, Paving Off-Street Parking. Project is at 45%.

	and rubber surfaces and tricycle track, New paved at the central gathering space with seating bollards and podium, Custom climbing wall to engineers' specifications, Face brick seating walls with indigenous game panels, Face brick columns for perimeter fence, Paving under picnic rest sets, Paving under benches, New giant chess board with paving and seating walls	
Develop/Upgrade Parks SPRINGS (Murray Park)	Hall for hiring and community events, Kiosk in the existing A frame structure, Storm water drainage, Skateboard park, Upgrading the entrance with a visual "WOW" factor, Signage design for the entrance, gazebo/lapa area as well as lighting	"Contractor appointed. Project in progress at 5%
Develop/Upgrade Parks ETWATWA (Barcelona)	Caretaker's house, Stage, All Stage tent, Municipal connections, Vendor stalls, Gazebo structures, Concrete sitting walls, Pavilions, Irrigation system, Picnic sets, Litter Bins, Benches, Landscaping, Solar lights, Park signage and information, Playground equipment;	Bulk Material purchased. Installation of paving has started at 80%. Current phase will start with hard landscaping, paving and multipurpose court. Construction started with earthworks, walkways & soccer field. Parking lot and the road construction commenced. Planting of lawn to commence in the 1st week of February.. Project is at 30%

	Eco gym, Hard and soft landscape	
Develop/Upgrade Parks BOKSBURG (Boksburg Lake)	Complete the Landscaping for the Northern banks, Landscaping / Paving of and South Eastern and Southern Banks, Ablutions & storage facilities (design style to reflect the architecture of Boksburg), Construction of a Caretakers house	Contractor appointed and is onsite. Site establishment and site clearance completed. Bulk Material purchased. Installation of paving, fence, grass and construction of entrance well in progress. Project progress is at 20%.
Develop/Upgrade Parks KATLEHONG (Palm Ridge)	Paving, landscaping, gazebo, multipurpose courts, skateboard park, climbing wall, entrance seating walls, amphitheatre seating bench, five a side soccer wall feature entrance wall	Construction of Amphitheater in progress. Installation of invisible fencing at 85%. All material delivered on site and construction work in progress. Project is at 40%
Develop/Upgrade Parks BENONI (Bunny Park)	Gazebo, Playground equipment, Park furniture, Upgrade animal shelters, Lawn, Paving and Hard and soft landscaping.	Earthworks in progress. Construction of Amphitheatre in progress. Installation of invisible fencing in progress. Pathway is at 25%. Planting preparation at 80%, Gym equipment on site awaiting installation. Project progress is at 40%
Develop/Upgrade Parks GERMISTON (Germiston Lake)	Construction of ablutions.	Ablution facility structure is at roof level. Roofing to commence by the 1 st week of March 2018. Project is at 60%
Develop/Upgrade Parks VOSLOORUS (Nyoni Park)	Installation of lighting, Complete paving, Installation of access control, Installation of nature wooden board walks, Completion of botanical gardens, Landscaping and irrigation, Park furniture, Install play	Contractor appointed. Project in progress and on schedule at 40%

	and gym equipment, Pave and kerb all road areas, Stage and braai area and Complete storm water system.	
Ward Priority Needs: Minor upgrades Parks - parks at Phomolong and Birch Acres ext 32	Supply, deliverable and installation of Gym Equipment	Site establishment completed. Phase 2 construction - work in progress; site clearing has started...
Ward Priority Needs: Minor upgrades Parks - Erection of Eco gyms equipment at Birch Acres Ext 32	Supply, deliverable and installation of Gym Equipment	Project progressing well and is at 93 %
Ward Priority Needs: Minor upgrades Parks - develop play area and outdoor gym in Outshout road, Glen Marais, stand 200: Nimrod Park	Supply, deliverable and installation of Gym Equipment	Project progressing well and is at 93 %
Ward Priority Needs: Minor upgrades Parks - Park at Assai, Mariela and Mopani	Supply, deliverable and installation of Gym Equipment	Project implemented through Vukiphile. Contractor allocated and site hand over completed. Consultant and contractor finalize BOQ by the 2nd February 2018
Ward Priority Needs: Minor upgrades Parks - upgrade of park, playground equipment, fencing, lighting in Cresslawn	Supply, deliverable and installation of Gym Equipment. Fencing and lighting	Project progressing well and is at 93 %
Ward Priority Needs: Minor upgrades Parks - (Fencing & Gym equipment's) Xin Ward 22 at Blesbok Road park and Ester Park	Supply, deliverable and installation of Gym Equipment. Fencing.	Project progressing well and is at 89 %
Ward Priority Needs: Minor upgrades Parks - Upgrading of a park	Supply, deliverable and installation of	Project implemented through Vukiphile. Contractor allocated and site hand over completed.

along McBride street near Brackenhurst tennis club	playground and park furniture.	Consultant and contractor finalize BOQ by the 2nd February 2018
Ward Priority Needs: Minor upgrades Parks - Rehabilitation and fencing of Weideman park and dam in Elsburg. Gym equipment	Supply, deliverable and installation of playground equipment and fencing	Project completed.
Ward Priority Needs: Minor upgrades Parks: Mabota and Chari park, Maba and Gubedi park	Supply, deliverable and installation of Gym Equipment, playground and outdoor furniture, tree, grass and bollards	Project Completed.
Ward Priority Needs: Minor upgrades Parks - Ndlelenhle park, Moagi park, Dithopi & Ramaranda, khokonoka park, Khaya park & Masionoke park	Supply, deliverable and installation of playground, paving, park furniture, gym equipment, fencing and tree.	Project completed.
Ward Priority Needs: Minor upgrades Parks - Mashile, Desert park ext28, Thembimfundo, Ngadi & Nyashengo	Supply, deliverable and installation of playground and park furniture.	Project completed.
Ward Priority Needs: Minor upgrades Parks - Develop recreation park at 3636 Likole ext2	Repairs equipment, grass, trees, bolats, playground equipment	Project completed.
Ward Priority Needs: Minor upgrades Parks - Upgrading of Khumalo Park with Eco-Gym furniture	Supply, deliverable and installation of grass, paving, playground equipment, park furniture	Project implemented through Vukiphile. Contractor allocated and site hand over completed. Consultant and contractor finalize BOQ by the 2nd February 2018
Ward Priority Needs: Minor upgrades Parks - Development of a	Supply, deliverable and installation of playground, grass,	Implementation work in progress. Project progressing well and is at 76 %

Community park: Mabota & Chari Park and Mabua & Gubedi Park	paving, fence, gym equipment.	
Ward Priority Needs: Minor upgrades Parks - New community park (between ext. 1 & 2 and between ext. 12 & 18)	Supply, deliverable and installation of playground and park furniture.	Project progressing well and is at 66%
Ward Priority Needs: Minor upgrades Parks - Parks upgrade Calcot, Oleph, Freedom park and new community park at Tokyo ext. 3 Geluksdal	Supply, deliverable and installation of playground and park furniture.	Project implemented through Vukiphile. Contractor allocated and site hand over completed. Consultant and contractor finalize BOQ by the 2nd February 2018
Ward Priority Needs: Minor upgrades Parks - Upgrade of Parks: Sindane – Playground, Tsakane Primary centre	Supply, deliverable and installation of playground and park furniture.	Project implemented through Vukuphile. Contractor allocated and site hand over completed. Delay in starting with implementation. ERM and DED working to resolve the delay.
Ward Priority Needs: Minor upgrades Parks - Modernised recreation park (Nchabeleng vd)	Supply, deliverable and installation of playground and park furniture.	Project implemented through Vukuphile. Contractor allocated and site hand over completed. Delay in starting with implementation. ERM and DED working to resolve the delay.
Construct Metro Parks Depots Kwa Thema	Finalise snag list	Project completed.

Operating Budget of the Environmental Resource Management Department

The Environmental Resource Management Department Operational expenditure budget is largely required for employee-related costs, grass cutting and other horticultural maintenance including cemetery operations and conservation areas. To ensure effective budget management it is imperative that productivity is ensured and effective management of personnel is undertaken. The accurate management of contractors is a key to ensure that the department receives value for money.

The operating budget will respond to the following key performance areas:

- Horticultural Services that includes turf grass maintenance (grass cutting),

-
- Arboriculture (planting and pruning of trees), Urban Beautification.
 - Managing and operating of various nurseries and facilities such as Dries Niemandt, Germiston Lake, Murray Park and various Lapa's.
 - Maintenance of all the active and in-active cemeteries including the provision of graves.
 - Management and maintenance of various conservation areas that include caring for a large number of livestock (game and domestic animals) e.g. Bokkie Park, Bunny Park, Nigel Game Reserve etc.
 - Maintenance of buildings and grounds.
 - Operating of various lawnmower workshops for the repair and maintenance of specialised equipment.
 - Acquiring the services of Landscape Consultants to assist with the development of master plans for capital projects.
 - Training of staff in accordance with the Workplace Skills Plan (WSP)
 - Education and Awareness campaigns and drives.
 - Finalisation and implementation of all Departmental Environmental Service Level Agreements.
 - Implementation of the Climate Change Strategy.
 - Reporting on climate change actions of the city to various platforms
 - Development and implementation of all relevant Departmental Climate Change Response Plans.
 - Implementation of Environmental Sustainability Benchmark Guidelines for internal Departments.
 - Development and implementation of Environmental Management Frameworks (EMFs)
 - Maintenance of Water bodies(e.g. removal of alien species in dams/lakes)
 - Celebration of important Environmental Awareness Theme Days
 - Issuing of Air Quality Emission Licences
 - Conduct Carbon Foot printing studies for the city
 - Investigation of environmental contraventions by the regulated community, including listed activity industries operating without licenses.
 - Collection of evidence and compilation of Environmental Management Inspectors (EMI) dockets for presentation to environmental prosecutors
 - Updating of the environmental sensitivity layers in the Ekurhuleni GIS system.
 - Holding a workshop on the new EIA Regulations for relevant City of Ekurhuleni employees
 - Holding a workshop on the new NEMA S30 Regulations for relevant City of Ekurhuleni employees
 - Conduct environmental studies for rehabilitation purposes and to determine environmental status of areas.

Table 69 Operating Budget of the Environmental Resource Management Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Environmental Resource Management									
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies	-	(16)	(16)	(16)	-	-100.00%	0.00%	-	-
- Operational: Monetary	-	(16)	(16)	(16)	-	-100.00%	0.00%	-	-
SUB TOTAL: NON - EXCHANGE REVENUE	-	(16)	(16)	(16)	-	-100.00%	0.00%	-	-
EXCHANGE REVENUE									
Rental from Fixed Assets	(734)	(734)	(685)	(680)	(770)	5.00%	2.28%	(809)	(849)
Sales of Goods and Rendering of Services	(33,026)	(33,026)	(18,931)	(29,723)	(33,090)	0.20%	97.72%	(34,745)	(36,482)
SUB TOTAL: EXCHANGE REVENUE	(33,760)	(33,760)	(19,616)	(30,384)	(33,861)	0.30%	100.00%	(35,554)	(37,331)
TOTAL INCOME	(33,760)	(33,776)	(19,632)	(30,400)	(33,861)	0.25%	100.00%	(35,554)	(37,331)
EXPENDITURE									
Employee Related Costs	511,805	499,922	420,910	499,922	582,241	16.47%	73.99%	637,612	698,249
Senior Management	2,200	2,200	68	2,200	1,976	-10.20%	0.25%	2,164	2,369
- SM - Salaries Allowances and Service Benefits	2,198	2,198	67	2,198	1,974	-10.21%	0.25%	2,162	2,367
- SM - Social Contributions	2	2	0	2	2	1.33%	0.00%	2	2
Municipal Staff	509,605	497,721	420,842	497,721	580,265	16.58%	73.74%	635,449	695,880
- MS - Salaries Allowances and Service Benefits	406,765	394,881	340,598	394,881	466,660	18.18%	59.30%	511,040	559,640
- MS - Social Contributions	102,840	102,840	80,244	102,840	113,605	10.47%	14.44%	124,409	136,240
Contracted Services	126,865	127,725	97,411	126,482	104,696	-18.03%	13.31%	111,076	118,428
- Outsource Services	82,142	81,020	63,955	80,358	69,147	-14.65%	8.79%	73,000	77,071
- Consultants and Professional Services	5,839	5,724	1,013	6,344	2,053	-64.14%	0.26%	1,396	780
- Contractors	38,884	40,980	32,442	39,780	33,496	-18.26%	4.26%	36,680	40,578
Operational Cost	29,355	30,881	23,858	29,456	24,429	-20.89%	3.10%	25,065	25,742
Inventory	54,985	55,182	42,537	53,978	51,066	-7.46%	6.49%	54,355	57,859
Operating Leases	1,346	722	89	1,365	66	-90.88%	0.01%	73	80
Depreciation and Amortisation	25,808	25,808	21,506	25,808	24,392	-5.49%	3.10%	26,099	27,926
TOTAL EXPENDITURE	750,164	740,239	606,312	737,010	786,889	6.30%	100.00%	854,280	928,285
DEFICIT / (SURPLUS)	716,405	706,463	586,680	706,610	753,029	6.59%		818,726	890,954
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	716,405	706,463	586,680	706,610	753,029			818,726	890,954
TOTAL CHARGES	29,288	29,288	24,799	29,288	32,624	0		32,624	32,624
TOTAL CHARGES / RECOVERIES	29,288	29,288	24,799	29,288	32,624	0		32,624	32,624
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	745,693	735,751	611,479	735,898	785,653			851,350	923,578

2.10.12 ENTERPRISE PROJECT MANAGEMENT OFFICE (EPMO)

The result statements of the department are contained in the 2018/19– 2020/21 IDP (Annexure A)

Key Strategic Projects of the EPMO

- Improved project management maturity level across City of Ekurhuleni; and
- Improved capital expenditure against the budget for capital projects.
- Improved project management capabilities of CoE;
- Increased usage of innovative solutions to enhance efficiencies in CoE built environment;
- PMO sustainability / go-steady state achievement; and
- Project management system functional support

Operating Budget of the EPMO

The 2018/19 EPMO Operational Expenditure Budget comprises mainly staff remuneration.

Table 70 Operating Budget of the Enterprise Project Management Office (EPMO)

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
EPMO									
EXPENDITURE									
Employee Related Costs	44,698	32,669	16,182	32,669	42,245	29.31%	78.97%	46,262	50,662
Senior Management	2,352	2,352	1,309	2,352	2,405	2.24%	4.48%	2,633	2,884
- SM - Salaries Allowances and Service Benefits	2,350	2,350	1,308	2,350	2,403	2.23%	4.48%	2,631	2,881
- SM - Social Contributions	2	2	1	2	2	6.95%	0.00%	2	2
Municipal Staff	42,346	30,317	14,873	30,317	39,840	31.41%	74.47%	43,629	47,778
- MS - Salaries Allowances and Service Benefits	34,620	22,590	13,343	22,590	33,680	49.09%	62.98%	36,884	40,391
- MS - Social Contributions	7,726	7,726	1,531	7,726	6,159	-20.28%	11.51%	6,745	7,387
Contracted Services	995	13,241	4,381	12,932	10,065	-23.99%	18.81%	8,139	4,577
- Outsource Services	200	446	383	393	65	-85.48%	0.12%	65	65
- Consultants and Professional Services	794	12,794	3,997	12,538	10,000	-21.84%	18.68%	8,074	4,512
- Contractors	1	1	1	1	0	-66.10%	0.00%	0	0
Operational Cost	1,167	933	537	905	802	-14.06%	1.50%	851	904
Inventory	1,151	1,631	1,071	1,545	386	-76.34%	0.72%	407	429
Operating Leases	1,826	0	-	94	-	-100.00%	0.00%	-	-
TOTAL EXPENDITURE	49,837	48,474	22,171	48,145	53,497	10.36%	100.00%	55,659	56,572
DEFICIT / (SURPLUS)	49,837	48,474	22,171	48,145	53,497	10.36%		55,659	56,572
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	49,837	48,474	22,171	48,145	53,497			55,659	56,572
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	49,837	48,474	22,171	48,145	53,497			55,659	56,572

2.10.13 EXECUTIVE OFFICE

The Executive Office cost centre is the cost centre of the executive arm of the political office being the Office of the Executive Mayor and the Members of Mayoral Committee.

Operating Budget of the Executive Office Department

The budget consists mainly of salaries, councillor remuneration and operational expenditure-related to the administration of the function.

Table 71 Operating Budget of the Executive Office Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
Executive Office									
EXPENDITURE									
Employee Related Costs	93,378	93,002	45,043	93,002	77,758	-16.39%	54.98%	85,153	93,251
Municipal Staff	93,378	93,002	45,043	93,002	77,758	-16.39%	54.98%	85,153	93,251
- MS - Salaries Allowances and Service Benefits	76,324	75,947	41,371	75,947	69,930	-7.92%	49.45%	76,580	83,863
- MS - Social Contributions	17,054	17,054	3,673	17,054	7,828	-54.10%	5.54%	8,573	9,388
Remuneration of Councillors	12,036	12,036	9,687	12,036	12,761	6.02%	9.02%	13,591	14,474
- ROC - Allowances & Service Related Benefits	11,383	11,383	9,323	11,383	12,246	7.58%	8.66%	13,042	13,890
- ROC - Social Contributions	653	653	364	653	515	-21.10%	0.36%	549	584
Contracted Services	659	1,034	589	736	461	-55.39%	0.33%	471	482
- Outsource Services	511	686	492	591	306	-55.45%	0.22%	306	306
- Contractors	148	348	97	145	156	-55.28%	0.11%	166	176
Operational Cost	33,160	41,276	2,648	39,753	36,931	-10.53%	26.11%	37,032	37,140
Inventory	11,682	13,491	6,155	13,107	8,493	-37.04%	6.01%	8,952	9,445
Transfers and Subsidies	3,714	6,314	4,631	5,714	4,080	-35.37%	2.89%	4,284	4,498
- Operational: Monetary	3,714	6,314	4,631	5,714	4,080	-35.37%	2.89%	4,284	4,498
Depreciation and Amortisation	993	993	827	993	938	-5.49%	0.66%	1,004	1,074
TOTAL EXPENDITURE	155,622	168,146	69,579	165,339	141,424	-15.89%	100.00%	150,488	160,365
DEFICIT / (SURPLUS)	155,622	168,146	69,579	165,339	141,424	-15.89%		150,488	160,365
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	155,622	168,146	69,579	165,339	141,424			150,488	160,365
TOTAL CHARGES	25	25	10	25	26	0		26	26
TOTAL CHARGES / RECOVERIES	25	25	10	25	26	0		26	26
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	155,646	168,170	69,589	165,364	141,450			150,514	160,391

2.10.14 FINANCE DEPARTMENT

The result statements of the department is contained in the IDP in Annexure A

Flagship projects of the Finance Department: Siyakhokha Siyathuthuka “We Pay; We Progress”

The Finance Department Revenue Enhancement flagship project is Siyakhokha Siyathuthuka **“We pay and We Progress”**. This flagship project has been launched throughout the City of Ekurhuleni at the various CCA's and various communication messages have been sent out to notify the public and staff of this platform via e-mail, sms, and radio and customer statements. An online platform has also been created to facilitate the registration of consumers for them to view and pay their accounts online without having to stand in queues which is hassle free. This in turn has assisted with achieving the collections as budgeted.

Following the launch, we started with the Customer Care promotions where the focus was on the following:

- ✓ Creating an exciting and positive vibe around the campaign
- ✓ Indigent Registration Programme
- ✓ e-Siyakhokha Registration
- ✓ Promote payment for services & encourage customers to pay via online platform
- ✓ Receive queries from customers
- ✓ Update customer details on City of Ekurhuleni billing system
- ✓ Assist CCAs with credit control.

This project will continue in 2018/19 especially in respect of the development of the electronic media.

Operating Budget of the Finance Department

The Finance Department renders a financial service to the municipality and Council. It therefore has to secure sound and sustainable management of the fiscal and financial affairs of the municipality; and ensure transparent, accountable and appropriate lines of responsibility in the fiscal and financial affairs of the municipality and its entities.

The department manages the borrowing, investments, supply chain management, revenue, expenditure, assets and liabilities of the municipality and therefore has to draw up the budgets and ensure that financial planning processes are followed and complied with in terms of legislation and other regulations and to coordinate these not only within the municipality but also with other organs of state in the different spheres of government. The Operating Budget will enable the department to perform the above functions and duties and many other functions that it would be expected to be perform that include:

Revenue Management

Revenue services collects the revenue after the service departments have provided municipal services like Water Supply, Electricity Supply and Waste Removal to customers. This is to ensure that the services rendered and property rates and taxes are billed and collected. The department is also charged to ensure that the City pay points systems and

networks are operating efficiently and effectively. The 2017/18 performance indicator target of ninety four percent revenue collection maintained in 2018/19.

Treasury Services

The City's treasury office (Treasury) serves as internal banker of City and municipal owned entities (MOEs) and is, in general terms, responsible for cash management and borrowings. The decisions taken by Treasury are investments, funding and hedging decisions in the financial market place and in accordance with the provisions of the MFMA. The role of Treasury is to provide liquidity to City and its MOEs by sourcing the most efficient financial instruments at the best price and to administer and account for such instruments within the bounds of relevant legal framework. Treasury division ensure that this functions contributes positively to the cash collections of the City to sustain the City to meet its expenditure commitments and to remain in a positive cash coverage in line with the targeted cash coverage to sustain the City as ensure financial viability.

The City has also increased its revenue collection base to improve its revenue collection facilities, customers can pay via, rates halls, internet, banks, E – Siyakhokha and other Third Party Payments vendors like Easy Pay, Post Office, SYNTELL, Deposita (KIOSKs), Ideal, Pay@ this facilitates for pre-paid electricity and bill payments at the following but not limited to Pick 'n Pay, Spar, Shoprite, Checkers, Woolworths, Pep stores etc.

The City's enjoys a favourable credit rating of Aaa.za/Prime-1 national scale rating, a four notch upgrade from a previous rating of A1.za/Prime-1 this is before the county got downgraded. This facilitates the City of Ekurhuleni to attract favourable investments and funding.

Expenditure and cost management

Through the expenditure the payments are processed for goods and services procured on behalf of the City departments. The 2017/18 performance indicator target of eighty percent (80%) payment of creditors within 30 days as per MFMA will be increased to eighty five percent (85%) in 2018/19.

Budget and Accounting and Finance Systems and MIS

The Budget & Management Accounting is responsible for the costing, drafting and compiling of the City's Annual Budget. The budget consists of the Operational & Capital budget which is used for the allocating of financial resources for the rendering of service delivery. The Budget and Accounting Division includes the Finance Systems and MIS Division. Its key deliverables with the 2018/19 budget include be fully compliant with the latest Municipal Standard Chart of Accounts (MSCOA) version. Standardisation of the Customers Care Areas business processes to ensure uniformity. This uniformity will improve operational efficiencies to ensure improved customer services.

Supply Chain Management

The Supply Chain Management (SCM) provides a SCM platform that ensures efficient and effective procurement of requisite goods and services for City.

Its key objective are to ensures optimisation of the financial delivery value chain, through strategic planning and alignment of SCM practices and processes, ensuring delivery of and compliance with protocols and Acts through:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management
- Performance Management
- Contract Management Legal Compliance

The performance of the City in terms of service delivery is largely affected by the effectiveness of the Supply Chain Management (SCM) processes. The SCM Division's key deliverables with the 2018/19 budget is to execute the SCM operations and improve capacity to process tenders within targeted turnaround times (adjudicate within 120 days after bids' closing date) by increasing efficiencies in SCM from eighty five percent (85%) to ninety (90%). This will ensure continuous improvement of the SCM processes that will benefit the City's departments, the community and businesses to ensure that the service delivery is not compromised.

Financial Reporting

Financial Reporting is responsible for the preparation and presentation of the group Annual Financial Statements and Asset Management function for the City, to ensure compliance with accounting standards. The maintenance of relations with the National Treasury and Provincial Treasury regarding statutory reporting processes and submission of financial reports as required. The implementation of the budget also brings in-year financial reporting requirement. In-year reporting and Annual Financial Statements are prepared in compliance with relevant legislation. The 2018/19 core deliverable is to achieve the unqualified audit opinion without findings.

The Finance Department's budget includes the full income for the assessment rates, regardless of the utilisation of the rates. The cost centre shows a surplus, but it is not technically a surplus generating function

The Operating Budget per category is attached hereto.

Table 72 Operating Budget of the Financial Services Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
Finance	R	R	R	R	R	R	R	R	R
INCOME									
NON - EXCHANGE REVENUE									
Property Rates	(5,066,264)	(5,210,905)	(4,309,902)	(5,210,905)	(5,615,665)	7.77%	70.33%	(6,102,838)	(6,632,159)
Fines, Penalties and Forfeits	-	-	(412)	(363)	-	0.00%	0.00%	-	-
Interest, Dividends and Rent on Land Non-Exc	-	-	-	-	(52,764)	100.00%	0.66%	(55,402)	(58,172)
Transfers and Subsidies	(2,233,838)	(2,233,838)	(2,233,217)	(2,233,838)	(2,380,382)	6.56%	29.81%	(2,501,520)	(2,647,051)
- Operational: Monetary	(2,233,838)	(2,233,838)	(2,233,217)	(2,233,838)	(2,380,382)	6.56%	29.81%	(2,501,520)	(2,647,051)
SUB TOTAL: NON - EXCHANGE REVENUE	(7,300,103)	(7,444,743)	(6,543,531)	(7,445,106)	(8,048,811)	8.11%	100.81%	(8,659,760)	(9,337,382)
EXCHANGE REVENUE									
Service Charges	171,226	388,537	26,811	384,651	513,112	32.06%	-6.43%	564,423	620,865
Interest, Dividends and Rent on Land	(521,347)	(474,654)	(443,040)	(450,922)	(437,676)	-7.79%	5.48%	(459,560)	(482,538)
Operational Revenue	(339)	(339)	(143)	(339)	(188)	-41.76%	0.00%	(208)	(218)
Rental from Fixed Assets	-	-	(62)	-	-	0.00%	0.00%	-	-
Sales of Goods and Rendering of Services	(10,987)	(10,987)	(35,480)	(9,888)	(10,927)	-0.55%	0.14%	(11,473)	(12,047)
SUB TOTAL: EXCHANGE REVENUE	(361,448)	(97,444)	(457,914)	(76,498)	64,311	-166.00%	-0.81%	93,182	126,062
TOTAL INCOME	(7,661,550)	(7,542,187)	(6,995,446)	(7,521,603)	(7,984,500)	5.86%	100.00%	(8,566,578)	(9,211,320)

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Finance									
EXPENDITURE									
Employee Related Costs	488,255	475,514	361,375	475,514	531,886	11.85%	32.52%	582,416	637,752
Senior Management	2,201	2,201	1,730	2,201	1,694	-23.04%	0.10%	1,855	2,031
- SM - Salaries Allowances and Service Benefits	2,199	2,199	1,622	2,199	1,635	-25.65%	0.10%	1,791	1,961
- SM - Social Contributions	2	2	107	2	59	3012.10%	0.00%	64	70
Municipal Staff	486,054	473,313	359,645	473,313	530,192	12.02%	32.41%	580,561	635,721
- MS - Salaries Allowances and Service Benefits	377,945	365,205	288,439	365,205	424,389	16.21%	25.95%	464,697	508,838
- MS - Social Contributions	97,206	97,206	71,206	97,206	104,899	7.91%	6.41%	114,875	125,800
- MS - Post Retirement Benefit	10,903	10,903	-	10,903	903	-91.72%	0.06%	989	1,083
Contracted Services	214,265	203,311	135,816	206,737	191,654	-5.73%	11.72%	207,506	216,939
- Outsource Services	114,079	112,303	77,070	110,672	123,565	10.03%	7.55%	130,296	137,443
- Consultants and Professional Services	67,152	63,328	39,881	63,712	38,427	-39.32%	2.35%	45,863	46,343
- Contractors	33,034	27,679	18,865	32,353	29,661	7.16%	1.81%	31,347	33,153
Operational Cost	271,402	279,729	190,948	268,892	248,622	-11.12%	15.20%	256,397	268,441
Inventory	20,824	21,747	13,516	18,678	20,377	-6.30%	1.25%	20,232	21,362
Interest Dividends and Rent on Land	231,238	218,479	158,357	218,479	257,404	17.82%	15.74%	280,570	305,822
Operating Leases	9,296	11,095	7,421	9,218	4,114	-62.92%	0.25%	4,572	5,030
Contribution for Bad Debt	434,622	217,311	253,530	217,311	361,425	66.32%	22.10%	390,339	421,567
Depreciation and Amortisation	21,357	21,357	26,533	21,357	20,185	-5.49%	1.23%	21,598	23,110
TOTAL EXPENDITURE	1,691,258	1,448,543	1,147,495	1,436,186	1,635,667	12.92%	100.00%	1,763,631	1,900,022
DEFICIT / (SURPLUS)	(5,970,293)	(6,093,643)	(5,847,950)	(6,085,417)	(6,348,834)	4.19%	0.00%	(6,802,946)	(7,311,298)
INVENTORY	-	-	825	-	-	0.00%	-	-	-
TOTAL GAINS AND LOSSES	-	-	825	-	-	-	-	-	-
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(5,970,293)	(6,093,643)	(5,847,125)	(6,085,417)	(6,348,834)			(6,802,946)	(7,311,298)
TOTAL RECOVERIES	(1,493,672)	(1,493,672)	(1,163,690)	(1,493,672)	(1,596,736)	0		(1,596,736)	(1,596,736)
TOTAL CHARGES	49,065	49,620	53,468	49,169	53,825	0		53,825	53,825
TOTAL CHARGES / RECOVERIES	(1,444,607)	(1,444,052)	(1,110,222)	(1,444,503)	(1,542,911)	0		(1,542,911)	(1,542,911)
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(7,414,900)	(7,537,695)	(6,957,347)	(7,529,921)	(7,891,744)			(8,345,857)	(8,854,209)

2.10.15 FLEET MANAGEMENT

The result statement of the department is contained in the IDP in **Annexure A**.

Operating Budget of the Fleet Management Department

The Fleet Management budget comprises the cost of the section responsible for the management of the council-owned fleet, but NOT the cost of the vehicles. The operational costs (fuel, tyres, repairs and maintenance, etc.) is budgeted for under the departments that are utilising the vehicles to ensure true cost reflection of services. The acquisition of vehicles is also budgeted for under the departments and not the fleet management cost centre.

The cost is therefore mainly comprised of salaries and overhead costs.

Table 73 Operating Budget of the Fleet Management Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Fleet Management									
EXPENDITURE									
Employee Related Costs	104,452	101,644	83,338	101,644	112,387	10.57%	92.06%	123,075	134,779
Senior Management	2,217	2,217	1,727	2,217	2,132	-3.86%	1.75%	2,334	2,556
- SM- Salaries Allowances and Service Benefits	2,215	2,215	1,726	2,215	2,129	-3.86%	1.74%	2,332	2,554
- SM- Social Contributions	2	2	2	2	2	6.95%	0.00%	2	2
Municipal Staff	102,235	99,427	81,611	99,427	110,255	10.89%	90.31%	120,741	132,223
- MS - Salaries Allowances and Service Benefits	82,023	79,215	67,338	79,215	88,849	12.16%	72.78%	97,299	106,552
- MS - Social Contributions	20,212	20,212	14,273	20,212	21,406	5.91%	17.53%	23,442	25,671
Contracted Services	2,143	2,118	1,318	2,090	1,922	-9.26%	1.57%	2,040	2,164
- Outsource Services	833	833	522	808	705	-15.36%	0.58%	743	784
- Contractors	1,310	1,285	797	1,282	1,217	-5.31%	1.00%	1,296	1,381
Operational Cost	8,214	8,244	3,369	7,829	4,109	-50.16%	3.37%	4,245	4,390
Inventory	3,273	3,380	1,984	3,264	2,890	-14.49%	2.37%	3,075	3,271
Depreciation and Amortisation	816	816	680	816	772	-5.49%	0.63%	826	883
TOTAL EXPENDITURE	118,898	116,202	90,690	115,644	122,080	5.06%	100.00%	133,260	145,488
DEFICIT / (SURPLUS)	118,898	116,202	90,690	115,644	122,080	5.06%		133,260	145,488
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	118,898	116,202	90,690	115,644	122,080			133,260	145,488
TOTAL RECOVERIES	(50,819)	(50,819)	(11,519)	(50,819)	(54,325)	0		(54,325)	(54,325)
TOTAL CHARGES	2,350	2,350	393	2,350	2,562	0		2,562	2,562
TOTAL CHARGES / RECOVERIES	(48,469)	(48,469)	(11,126)	(48,469)	(51,763)	0		(51,763)	(51,763)
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	70,430	67,734	79,564	67,175	70,317			81,496	93,725

2.10.16 HEALTH AND SOCIAL DEVELOPMENT

The core business of the department is characterised by key elements of service delivery and resources which are linked to the Integrated Development programme (IDP) and Growth Development Strategy (GDS) 2055. Guided by the Social Empowerment and Sustainable Integration as the long-term imperatives, key programmes and strategic interventions outlined in the departmental Service Delivery Budget Improvement Plan (SDBIP) mainly find expression in the GDS 2055.

The Health and Social Development Department renders integrated health and social development services in partnership with stakeholders to contribute towards the long and healthy life of communities in Ekurhuleni through the provision of Primary Health Care, and Social Development Services.

Key Strategic Projects of the Health and Social Development Department

The Health and Social Development Department is comprised of the programme related line function divisions and support divisions. The line function divisions are Primary Health Care; Social Development; and Environmental Health. The administrative, operational and strategic departmental functions are provided through other divisions, namely, Support Services; Health Projects; Strategy and Planning; and Governance, Risk and Compliance.

The Health and Social Development Department will continue in the 2018/19 financial year to perform feasibility studies for the possible initiation of various new clinic facilities in the 2019/20 financial year. The construction of three Early Childhood Development Centers is expected to be completed in the 2017/18 financial year and will be operational in the 2018/19 financial year

Table 74 Operating Budget of the Health and Social Development Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
Health & Social Development									
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies	(143,170)	(143,577)	(142,375)	(143,577)	(161,657)	12.59%	97.39%	(170,757)	(171,357)
- Operational: Monetary	(143,170)	(143,577)	(142,375)	(143,577)	(161,657)	12.59%	97.39%	(170,757)	(171,357)
SUB TOTAL: NON - EXCHANGE REVENUE	(143,170)	(143,577)	(142,375)	(143,577)	(161,657)	12.59%	97.39%	(170,757)	(171,357)
EXCHANGE REVENUE									
Operational Revenue	(65)	(65)	(834)	(65)	(128)	96.92%	0.08%	(134)	(141)
Sales of Goods and Rendering of Services	(4,025)	(4,025)	(3,797)	(3,623)	(4,198)	4.30%	2.53%	(4,415)	(4,645)
SUB TOTAL: EXCHANGE REVENUE	(4,090)	(4,090)	(4,631)	(3,688)	(4,326)	5.77%	2.61%	(4,550)	(4,786)
TOTAL INCOME	(147,260)	(147,667)	(147,005)	(147,265)	(165,983)	12.40%	100.00%	(175,307)	(176,143)
EXPENDITURE									
Employee Related Costs	848,302	840,751	672,161	840,751	915,132	8.85%	89.94%	1,002,629	1,094,927
Senior Management	2,183	2,183	1,720	2,183	2,263	3.67%	0.22%	2,479	2,714
- SM - Salaries Allowances and Service Benefits	2,019	2,019	1,583	2,019	2,088	3.40%	0.21%	2,287	2,504
- SM - Social Contributions	164	164	137	164	175	7.00%	0.02%	192	210
Municipal Staff	846,118	838,567	670,441	838,567	912,869	8.86%	89.72%	1,000,150	1,092,213
- MS - Salaries Allowances and Service Benefits	686,083	678,532	546,619	678,532	752,615	10.92%	73.97%	824,657	900,031
- MS - Social Contributions	160,035	160,035	123,822	160,035	160,253	0.14%	15.75%	175,493	192,183
Contracted Services	13,019	14,094	7,074	12,297	11,818	-16.15%	1.16%	12,878	13,506
- Outsource Services	4,796	6,905	3,227	4,934	3,895	-43.60%	0.38%	4,611	4,863
- Consultants and Professional Services	1,298	546	62	1,268	1,577	188.99%	0.15%	1,508	1,444
- Contractors	6,926	6,643	3,785	6,094	6,347	-4.46%	0.62%	6,759	7,198
Operational Cost	22,278	23,253	15,298	22,297	28,968	24.58%	2.85%	28,300	31,490
Inventory	46,934	48,786	38,093	46,678	32,965	-32.43%	3.24%	35,539	37,505
Interest Dividends and Rent on Land	45,540	33,099	31,506	33,099	-	-100.00%	0.00%	-	-
Operating Leases	1,051	0	-	207	-	-100.00%	0.00%	-	-
Depreciation and Amortisation	30,260	30,260	25,217	30,260	28,600	-5.49%	2.81%	30,602	32,745
TOTAL EXPENDITURE	1,007,384	990,242	789,348	985,589	1,017,484	2.75%	100.00%	1,109,949	1,210,173
DEFICIT / (SURPLUS)	860,124	842,575	642,343	838,324	851,500	1.06%		934,642	1,034,030
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	860,124	842,575	642,343	838,324	851,500			934,642	1,034,030
TOTAL CHARGES	14,332	15,755	18,069	15,243	15,529	(0)		15,529	15,529
TOTAL CHARGES / RECOVERIES	14,332	15,755	18,069	15,243	15,529	(0)		15,529	15,529
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	874,456	858,330	660,412	853,567	867,029			950,171	1,049,559

2.10.17 HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

The result statement of the department is contained in the IDP in Annexure A.

Key Strategic Projects of the Department

A key strategic project of the Department Human Resources Management and Development is the finalisation of the Institutional Review Process.

The HR strategy drives the actualisation of the following components:

- Strategies from a Human Capital perspective to support the GDS 2055.
- Ensure statutory and regulatory compliance.
- Develop a strategy driven and dynamic City of Ekurhuleni structure.
- Promote and preserve HR professionalism.
- Build and manage a performance culture.
- Build and maintain sound labour relations.
- Alignment and support all flagship projects.
- Approval of the costing model for roll-out of IR (i.e. staff appointments and inclusive of post-retirement benefits)

Operating Budget of the Human Resources Management and Development Department

The main cost driver of the department is personnel costs which comprises 70.10% of the total Operating Budget of the department.

The department is also responsible for the advertising and filling of positions, generic training programmes, addressing labour matters and facilitating employee wellbeing programmes, with subsequent cost and budgetary provision of the services.

Table 74 Operating Budget of the Human Resources Management and Development Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
Human Resources									
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies	(25,132)	(25,132)	(9,366)	(25,132)	(25,132)	0.00%	67.68%	(25,132)	(25,132)
- Operational: Monetary	(25,132)	(25,132)	(9,366)	(25,132)	(25,132)	0.00%	67.68%	(25,132)	(25,132)
SUB TOTAL: NON - EXCHANGE REVENUE	(25,132)	(25,132)	(9,366)	(25,132)	(25,132)	0.00%	67.68%	(25,132)	(25,132)
EXCHANGE REVENUE									
Sales of Goods and Rendering of Services	-	-	-	-	(12,000)	100.00%	32.32%	(12,000)	(13,230)
SUB TOTAL: EXCHANGE REVENUE	-	-	-	-	(12,000)	100.00%	32.32%	(12,000)	(13,230)
TOTAL INCOME	(25,132)	(25,132)	(9,366)	(25,132)	(37,132)	47.75%	100.00%	(37,132)	(38,362)
EXPENDITURE									
Employee Related Costs	155,464	155,080	109,099	155,080	166,423	7.31%	84.68%	182,250	199,582
Senior Management	2,201	2,201	1,356	2,201	1,576	-28.39%	0.80%	1,726	1,890
- SM - Salaries Allowances and Service Benefits	2,199	2,199	1,298	2,199	1,554	-29.34%	0.79%	1,702	1,864
- SM - Social Contributions	2	2	58	2	22	1079.79%	0.01%	24	27
Municipal Staff	153,264	152,880	107,743	152,880	164,847	7.83%	83.87%	180,524	197,692
- MS - Salaries Allowances and Service Benefits	126,191	125,807	89,011	125,807	135,540	7.74%	68.96%	148,429	162,545
- MS - Social Contributions	27,073	27,073	18,732	27,073	29,308	8.26%	14.91%	32,095	35,147
Contracted Services	6,455	8,846	3,361	6,217	3,401	-61.55%	1.73%	3,493	3,598
- Outsource Services	3,673	2,964	1,519	3,472	1,956	-34.02%	1.00%	2,038	2,125
- Consultants and Professional Services	1,588	4,088	184	1,556	220	-94.61%	0.11%	150	84
- Contractors	1,194	1,794	1,658	1,189	1,225	-31.69%	0.62%	1,305	1,390
Operational Cost	21,716	21,874	15,903	20,917	9,004	-58.46%	4.58%	9,160	9,327
Inventory	39,189	39,612	13,840	40,666	13,811	-65.13%	7.03%	14,560	15,363
Operating Leases	4,013	4,167	3,526	4,166	3,275	-21.41%	1.67%	3,602	3,962
Depreciation and Amortisation	663	663	552	663	626	-5.49%	0.32%	670	717
TOTAL EXPENDITURE	227,500	230,041	146,280	227,709	196,541	-14.56%	100.00%	213,736	232,550
DEFICIT / (SURPLUS)	202,368	204,910	136,914	202,577	159,410	-22.20%		176,004	194,189
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	202,368	204,910	136,914	202,577	159,410			176,004	194,189
TOTAL RECOVERIES	(55,397)	(55,397)	(33,451)	(55,397)	(59,219)	0		(59,219)	(59,219)
TOTAL CHARGES	501	554	133	541	554	0		554	554
TOTAL CHARGES / RECOVERIES	(54,895)	(54,843)	(33,318)	(54,856)	(58,665)	0		(58,665)	(58,665)
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	147,473	150,067	103,596	147,722	100,745			117,339	135,524

2.10.18 HUMAN SETTLEMENTS

The result statements of the department is contained in the IDP in Annexure A.

Key Projects of the Department

1. CONSTRUCTION OF HOUSES PROGRAMME

Purpose: This programme entails the construction of houses on serviced stands for in-situ and Greenfield developments, where beneficiaries have been identified and approved. The programme constitutes the last phase and consolidates a housing project, apart from other socio-economic amenities and services that are required to achieve integrated and sustainable developments.

Progress:

The house construction programme targeted to deliver 300 houses by 2nd quarter of the 2017/2018 financial year, however the programme could not achieve the target due to challenges indicated below:

National and Provincial Departments of Human Settlements Gazetted R41 203 000.00 for Mayfield Ext 32 and 34 for 2017/2018. The project was not ready for implementation at the start of 2017/2018 as per the requirements of the Project Readiness Matrix.

The previous owner indicated to the City of Ekurhuleni during the purchasing of the property that the property does meet the requirements of the Council to start with the construction of houses. When the property was transferred to the City of Ekurhuleni, it was discovered that Geo-Technical phase 2 investigations were not done. Consultants were to be appointed to conduct the geo-technical phase two investigations which were completed on the 25th October 2017. House plans were also completed on the 12th December 2017, and were submitted to the City of Ekurhuleni: Building control and GDHS: Quality Assurance on the 15th December 2017. The project will be ready for implementation in the 3rd quarter of 2017/2018.

2. DEVELOPMENT OF SERVICED STANDS PROGRAMME

The department is further implementing the serviced stands programme aimed at delivering serviced erven for the purposes of upgrading informal settlements and/or allocation of beneficiaries from informal settlements and/or the waiting list / demand data base. The following services are provided:

- Electricity -The individual erven will be designed for a single residential dwelling with related outbuildings have access to Electrical Network Systems.
- Human Settlements Elements
- As the final phase of the programme the individual erven will be approved beneficiaries and future construction and urban management of the property:
- An approved house-plan for the property, selected by the beneficiary from a range of typical house-plans;
- A main foundation (minimum 40m² for a single storey or minimum 23m² for double story) for the house design selected by the beneficiary, on which the beneficiary can erect his temporary shelter and which in future the house designed can be constructed on.
- A secondary foundation (minimum 17m²) for Temporary Settlement and Future Backyard Rental or family Accommodation, ONLY when a double storey design is selected by a beneficiary.
- A bathroom or similar facility with a solar water heater/geyser, either to be erected on the foundation or on a suitable part of the erf/stand.

In line with the Mayoral pronouncement of delivering of 59000 serviced stands the department is planning to deliver a total of 59000 serviced stands in the next 5 years

In respect of the delivery of stands serviced, the over performance of 447 stands in the 2nd quarter of the 2017/18 financial year as no target was made for Q1 & Q2. The Project that attributed to the performance is the Tsakane X23 - installation of Water & Sanitation Network Systems.

Other projects are at various progress stages:

- Alliance Ext 1 (1 580 Stands) – Instruction to Perform Work (IPW) was issued to the HDA on 14 September 2017. The Contractor was appointed by the HDA at the end November 2017. Site Handover took place during December 2017.
- Alliance Ext 9 (634 Stands) – Water & Sanitation Contractor is on site, along with the Housing Development Agency's (HDA) contractor for the construction of the roads and storm water network systems, where overall progress is at 65%.
- Apex Ext 12 (331 Stands) – IPW Issued to the HDA on 14 September 2017. Contractor procurement process is being finalised.
- Balmoral Extension 4 (388 Stands) – Contractor is on site and overall progress for work packages 2 & 3 is presently at 9%.
- Daveyton Extension 14 (958 Stands) – Contractor is on site and overall progress is presently at 63%.
- Mayfield Extension 45 (632 Stands) – Contractor is on site and overall progress is presently at 50%.
- Moleleki Ext 2 (219 Stands) – Contractor is on site and overall progress is presently at 80%.
- Palm Ridge Extension 9 (414 Stands) – Contractor was ready to establish site, however cannot do so until residents occupying the site are resettled. Overall progress is presently at 0%.
- Payneville Extension 1 (647 stands) – Contractor is on site and overall progress is presently at 71%.
- Tsakane Ext 23 (447 Stands) – The Water & Sewer Networks and Graded Roads/Streets were completed on 8 December 2017.

The following projects are affected by critical issues that could result in reduced or non-delivery of the targeted number of stands:

- Alliance Ext 9 (634 Stands) - Resettlement of residents and community interference in the processes related to the relocation of residents affecting/in the way of construction activities. The impact hereof is that only 290 free standing residential stands of the 634 are expected to be realized in the 2017/18 financial year.
- Daveyton Extension 14 (958 Stands) - Resettlement of Residents affecting/in the way of construction, community interference in the construction processes, encroachments of Daveyton properties and portions of land occupied by churches and informal businesses. The impact hereof is that only 415 free standing residential stands of the 958 are expected to be realized in the 2017/18 financial year.
- Mayfield Extension 45 (632 Stands) - Resettlement of Residents and Community and/or Councillor Interference in the processes related to the relocation of residents affecting/in the way of construction activities and pending legal process instituted by the residents. The impact hereof is that only 248 free standing residential stands of the 632 are expected to be realized in the 2017/18 financial year.
- Palm Ridge Extension 9 (414 Stands) - Additional land required to accommodate the resettlement requirements of residents affecting/in the way of construction activities. The impact hereof is nil as free standing residential stands of the 414 are expected to be realized in the 2017/18 financial year.

The intervention relating to the abovementioned challenges are being address in consultation with the Real Estate Department and are to be finalised by the end of June

2018. There are additional mitigation measures which are being explored and will be presented after consideration and approval.

1. UNDERTAKING DETAILED PLANNING TO ENABLE THE DEVELOPMENT OF STANDS FOR HUMAN SETTLEMENTS PROJECTS

Purpose: This programme entails the detailed planning process per land portion to enable the appropriate upgrading and formalisation of informal settlements to provide secured tenure to housing beneficiaries. The major component of the programme involves undertaking feasibility studies to assess the suitability of various land parcels for human settlements development, undertaking of preplanning studies including township establishments, environmental impact assessments and various specialist studies such as geotechnical investigations, traffic impact assessments, heritage studies and wetland delineation. All these activities are required to proclaim a township and allow ownership of property.

Progress: 4 service providers were appointed in 2012 November 2017 through DBSA to undertake various professional studies and township establishment where feasible. 4 townships establishment have been approved in 2017/18 financial year for the process initiated in the previous financial year. In the previous financial year 16 feasibility studies were completed exceeding the planned target of 8 feasibility studies.

Currently 7 feasibility studies are underway and more land parcels are awaited to undertake feasibility studies. On average it can take one to two years to complete various studies, depending on requirements.

2. THE IMPLEMENTATION OF THE INFORMAL SETTLEMENT MANAGEMENT PLAN

Purpose: This plan enables the municipality to coordinate and manage informal settlements in a more comprehensive and integrated manner and also create improved access of interim basic municipal services to people living in informal settlements.

Progress: There are scheduled monthly inter-departmental meetings that are held to discuss, plan, monitor and assess the provision of interim basic municipal services to all informal settlements. Various departments responsible for infrastructure and services provision are being encouraged to budget for services in the informal settlements. Service departments are submitting their monthly reports on services rendered in the informal settlements. There are scheduled dates for site visits to the various informal settlement areas. The report on the provision of basic services in informal settlements is tabled at the COO's Service Delivery War Room meeting.

In respect of informal settlements, upgrading plans over the short-, medium- and long-term the National Department of Human Settlements are required through the National Upgrading Support Programme (NUSP) to develop service delivery intervention plans (business plans) and to fast-track the development on 18 category B informal settlement plans.

2.1 Reblocking

Reblocking is an initiative focused on informal settlements, which is driven through collaboration with community; public sector and non-governmental sector support. The initiative is aimed at improving the living conditions in non-formalized settlements through creating temporary township layouts designed to allow for construction of graded roads, installation of on-grid or off grid electrical, water and sanitation services, provision of socio-economic amenities as well as security of tenure where possible thus making informal settlements more habitable and dignified.

In 2016/17 financial year, Germiston Ext 46 project was implemented to house people from Angelo hotel, adhering to court order. In 2017/18 financial year, 29 projects are being implemented. To date, 10 projects are completed; 6 informal settlements have been electrified, in 3 informal settlements roads have been graded, and on the fourth informal settlements roads have been graded and an additional scope for construction of ablution facilities has been approved and the work is being finalised.

There are 19 informal settlements that are work in progress. The main challenges being experienced by the reblocking programme is unavailability of suitable land to relocate the residents to allow for realignment of structures; and the phenomenon of NIMBY (Not in My back yard) by middle and high income earners.

3. LAND ACQUISITION

Purpose: To co-ordinate and manage the land acquisition processes for sustainable Human Settlements.

The land acquisition budget for 2017/18 financial year on General Vote under real Estate Department is R200 million to acquire R120 hectares of land for human settlements. The target was to acquire 35 ha by end of Q2, however the target was not achieved as the seller could only finalise installation of services for Palm Ridge Ext 18 and 19. Ext 20 was still not finalised due to outstanding services of water, sewer and electricity to be installed. Further, section 101 certificate is to be issued and the township register to be opened to enable registration of the property to the City.

To date, the services are fully installed, and conveyancing process has started. The target set by Q2 is anticipated to be achieved in Q3 as a remedial plan is in place to register the townships of Palm ridge Ext 18, 19 and 20 measuring 20 ha. The balance of 15 hectares and additional 11 ha amounting to 26 ha will be achieved through Finnalspan (39 ha) and Reiger Park Ext 8 (68 ha). The valuations have been finalised and negotiations with the Seller are at advance stages.

The following risks have however been identified:

1. Inadequate budget;
2. Finalisation of acquisition on time;
3. Section 101 and Section 82 timeous issuing; and
4. Bulk services contributions – Council Item to be finalised for authorisation of waiver for external services on serving of stands programme.

4. Department's planned activities for 2018/2019 include:

- To construct houses.
- To conduct feasibility and pre-planning studies for human settlements.
- To undertake repairs, maintenance, address the upgrading and refurbishment of targeted rental stock owned by Council within various CCAs.
- To continue with the coordination and monitoring role through monthly inter-departmental meetings; reporting and planned site visits to the informal settlement areas; to ensure that all service departments budget for services to be rendered in the informal settlements, and to establish the various local structures, that is, the ward-based, customer care area and metro-wide informal settlement structures.
- Coordinate and manage the land acquisition processes.
- Community outreach and beneficiary education within housing projects.
- Development of Social Housing Projects in Germiston as part of the Urban Renewal Programme.

1. Other Strategic Projects of the Human Settlements Department

Most human settlements projects are multi-year projects continuing into the 2018/19 financial year.

PROJECT NAME	PROJECT DESCRIPTION
Leeuwpoot mixed housing development	<ul style="list-style-type: none"> ○ The project is aimed at addressing the housing backlog and to provide various housing products targeting a mix of income groups, including, subsidised housing, bonded housing and Finance Linked Subsidy Programme (for beneficiaries who qualify for both subsidised and bank funding). ○ The first phase will focus on bulk infrastructure provision, detailed planning and design, and implementation of the northern portion. ○ The northern portion of the project is linked to the Joe Slovo informal settlement to be upgraded and formalised. ○ The project is planned to be implemented over the medium-to long-term (over a seven-year period). ○ All legal agreements have been amended and the official appointment of the developer has commenced. ○ The project aims to deliver over 18,000 housing units and is considered to be a mega-project ○ The Section 33 approval was secured in December 2015 thereby signalling the commencement of the implementation process. ○ The project is at Engineering designs phase for bulk, link and internal engineering services.
Development of the township revitalisation and renewal strategy and plans	<ul style="list-style-type: none"> ○ The City of Ekurhuleni aims to develop the urban settlement of Germiston into a sustainable human settlement and Administrative Capital (Metropolitan Headquarters) of the City of Ekurhuleni. The City of Ekurhuleni embarked upon a project to transform Germiston and previously completed an Implementation Plan for Urban Renewal. (GEAR 2030: Towards the Detailed Planning, Design Guidelines and Land Packaging Proposals). ○ Following from GEAR, various projects were identified, some of which are currently at implementation stage as outlined below.
Germiston Fire Station (ERF 808) Social Housing Project	<ul style="list-style-type: none"> ○ The project consists of 353 units, with 144 units planned for construction during phase 1 and 209 units to be constructed during phase 2 of the project. The project will deliver units comprising of 2 bedrooms, 1 bedroom and bachelor flats with a living room, kitchen and bathroom. Provision has been made on the ground floor for units to cater for persons with disabilities. The plans also include the development of a crèche and hall. ○ The buildings comprise of 4 storeys (inclusive of the ground floor), with alternative green building technologies being incorporated as much as possible in the design of these buildings. ○ Phase 1 construction will be made up of the following blocks: ○ Blocks 1, 3, 4, 6, 7, and 8. The crèche and hall will be developed in subsequent phases. The project will comprise of 353 units in total with 54 one bedrooms, 89 bachelors, 192 two bedrooms and 18 retail space.

PROJECT NAME	PROJECT DESCRIPTION
	<ul style="list-style-type: none"> Phase 1 has been completed and the construction of Phase 11 is underway.
Germiston Public Space Upgrade Project	<ul style="list-style-type: none"> The project will focus on the beautification of bridges and upgrading of streets in the Germiston inner city area. Projects have been identified and are at implementation stage, some of work has been completed.
Tembisa Urban Renewal	<ul style="list-style-type: none"> Construction of 3 km secondary NMT routes in the Civic Precinct Complete designs for two pedestrian rail crossings in the Civic Precinct
Wattville Urban Renewal	<ul style="list-style-type: none"> Completion of feasibility study and geotechnical investigation on Erf 3110 Wattville Construction of bulk services for the development of 3510 housing units (high density Walk -up) in Wattville Erf 3130 Wattville public space upgrade
Katorus Urban Renewal (2015/16)	<ul style="list-style-type: none"> Completion of Dolomite phase 2 investigation for Erf 18383 Vosloorus X 9 Completion of
Urban Renewal: Daveyton Etwatwa Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> Public Space Upgrade linked with NMT, Concept Definition /Prefeasibility and Designs& Procurement to be completed in 16/17.
Urban Renewal: Katorus: Erf 18383 Vosloorus X 9, Erf 6519 Vosloorus Ext 9, Erf 20846 Ext 30, Portion of RE Portion 192 Farm Vlakplats 138 IR	<ul style="list-style-type: none"> RDP walk-ups & CRU: Completion of stages 5-6 of the envisaged construction of Voslorus Complex. Execution to be phased. Servicing of units & construct approximately 1200 RDP units.
Urban Renewal: Tembisa Civic Node: Upgrading of all bulk engineering services as per land packaging requirements	<ul style="list-style-type: none"> Project identified as part of the land packaging plan in 15/16; All bulk engineering services upgrading: Concept Definition/Prefeasibility and Designs (stages 1-6) to be completed in 17/18.
Urban Renewal: Tembisa Public space upgrade linked with NMT Ibazelo & Isithame	<ul style="list-style-type: none"> Prefeasibility and designs to be completed in 15/16. Procurement and execution of two pedestrian cycle rail crossings and NMT in 17/18.
Mega Project: Tembisa Ext 25 (Old Mutual Land)	<ul style="list-style-type: none"> Construction of Bulk Services for the development of 3510 Housing Units
Urban Renewal: Wattville Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> Public Space Upgrade link NMT, Concept Definition /Prefeasibility and Feasibility to be completed in 16/17. Execution in 16/17 onwards. (Stages 1-6 of the development of NMT infrastructure for the Wattville /Actonville NMT)

PROJECT NAME	PROJECT DESCRIPTION
Informal Settlements Formalisation and Upgrade Programme	<ul style="list-style-type: none"> ○ The Programme is aimed at the upgrading and formalisation of informal settlements. ○ It addresses the entire planning and tenure arrangements in informal settlements. ○ This entails the categorisation of informal settlements as requiring relocation, in-situ upgrading or part relocation and part in-situ upgrading. ○ The major aspect of the plan involves undertaking feasibility studies to assess the suitability of various land parcels for human settlements development. ○ Upon positive recommendations of the feasibility reports per informal settlement, detailed pre-planning studies are undertaken in particular Environmental Impact Assessment (EIA) Studies and Geo-Technical studies. On receipt of positive results thereof, land acquisition processes are embarked upon and where land is owned by the municipality, it must be reserved for a housing purpose and a full township establishment process will follow. ○ In case of private land, township establishment would only commence when land has been procured by the municipality. ○ The Department on average conducts 10 feasibility studies each financial year.

2. OPERATIONAL BUDGET

The 2017/2018 financial plan is as follows:

6.1 Operating Income

The total Income Budget includes the following:

1. Rent from Facilities is income derived from the rental of Council Owned houses and complexes. The process of invoicing and collection is administered by the Finance Department.
2. Interest earned of investments represents interest earned in the Human Settlements ABSA bank account. Deposits from Gauteng Department of Human Settlements are transferred to and managed via this bank account.
3. Sundry Income relates to deposits retained when units are vacated.
4. The National Operating Grant relates to
 - a. Servicing of stands
 - b. Urban Renewal
 - c. Re-Blocking
 - d. PMO
 Grant income is journalised to actual expenditure incurred.
5. USDG funding for professional fees.
Grant income is journalised to actual expenditure incurred.
6. HSDG: Top Structures
7. The remainder of the Income Budget relates to capital projects funded by grants.
The allocation is based on the grants as gazetted in the final DoRA for capital funded projects.

6.2 Operating Expenditure

Other than providing budgets to fund regular operational costs, the total Operating Expenditure makes provision for the Human Settlements to achieve:

6.2.1 Repairs and Maintenance to rental stock

This is required to ensure that rental stock remains in a good state of repair to enable the Department to provide decent accommodation to tenants and to protect Council's assets. The budget was extended to include major maintenance to the following hostels:

- Southern Region: Sotho Flats
- Southern Region: Nguni Flats
- Southern Region: Thokoza Hostel
GDoHS contributing R5mil to this project
- Eastern Region: Kwa Thema Hostel
- Eastern Region: Wattville Hostel
GDoHS contributing R5mil to this project
- Eastern Region: Daveyton Hostel
- Northern region: Ehlanzeni Hostel
- Northern region: Sethokga Hostel

The link to the SDBIP: Improved Asset and property management in respect of rental stock.

6.2.2 Grants and Subsidies paid to entities

The EDC is responsible for social housing and is regulated by the Social Housing Act. Rental charges for social housing tenants are not market related and the maintenance cost associated with the social housing properties are at market value. Due to the limited number of rental units, cost will always exceed revenue. The entity has therefore requested a supplementary grant to cover emergency repairs and maintenance, planned maintenance, back log maintenance and to cover shortfalls between rentals charged by EDC which are below the market value.

The link to the SDBIP: Sustainable Human Settlement and infrastructure
Measurable Output: Increased provision of alternative tenure options.

6.2.3 General Expenses

This category makes provision for the following:

- Consultant fees

The budget makes provision for the following:

- Demand Survey: Continuation : Phase 2
- Occupancy Audit: Reiger Park
- Structural Assessments
- Disaster Management

The budget will be utilised for rendering of humanitarian aid to communities by means of reconstruction of structures, supply food hampers and blankets to the affected families due to unforeseen circumstances like fire, floods, tornadoes, etc. It also includes emergency relocations and the repair of damaged houses of registered indigents due to factors beyond their control in terms of Council Policy.

3. Operating Grants Expenditure

• USDG Funding

The Urban Settlements Development Grant (USDG) funds Planning Professional Fees; Serviced Stands programme; Reblocking programme and Urban Renewal programme. The Municipal Human Settlements Capacity Grant (MHSCG) grant related to the conditional grant for capacity development to municipalities been

phased out and replaced by 3% of USDG allocation. The 3% is currently funding the Human Settlements Project Management Office. (PMO)

- **USDG Funding for professional fees**

This programme entails the detailed planning process per land portion to enable the appropriate upgrading and formalisation of informal settlements to allow the creation of title deeds to enable ownership. The major component of the programme involves undertaking feasibility studies to assess the suitability of various land parcels for human settlements development, undertaking of preplanning studies including township establishments, environmental impact assessments and various specialist studies such as geotechnical investigations, traffic impact assessments, heritage studies and wetland delineation. All these activities are required to proclaim a township and allow ownership of property.

- **USDG Funding for Servicing of stands**

This programme addresses designs for Services required for Development, Acceptances and Approvals of Designs and Bills of Quantities/Procurement Documents.

The following projects are included in the 2018/19 financial plan:

- Palm Ridge Ext 9 (Phase 5 & 6)
- ERGO Road
- Villa Lisa Extension 5
- Portions 52, 53, 54 and 290 of the Farm Putfontein 26 IR/Mayfield Ex 46
- Palm Ridge Ext 10 & 11 (Bathroom Facility SDP's)
- Delmore Ext 8
- Leachville Ext 2

Link to SDBIDP: servicing of stands for subsidised Human Settlements

Measurable Output: Sustainable human settlements and improved quality of household life

- **USDG Funding for Urban Renewal**

The following projects are included in the 2018/19 financial plan:

- Tembisa Leralla Node
- Apex Ext 12 High Density Walkups
- Social Housing Units in Kempton Park and Germiston
- Germiston 47 Makause
- Good Hope RDP
- Germiston Ext 44 High Density Walkups - stages 1-4"
- TASF Mega
- Comet Village

- **USDG Funding for Re-Blocking**

The following projects are included in the 2018/19 financial plan:

- Winnie Mandela Phase 3 and 4
- Emandleni
- Makause
- Hlahane

-
- Ramokonopi East
 - Zama-zama
 - Moleleki 1 and 2
 - Freedom Square
 - Vusimuzi Enhlanzeni
 - Nkanini
 - Ekuthuleni
 - Esiphethweni
 - Enxiweni
 - Villa Liza
 - Germiston 46

- **USDG Funding for PMO**

This programme makes provision for the following:

- Capex and Opex Monitoring & Reporting for all Programmes ,
Development of Reporting Templates, Monitoring and Reporting on
USDG Source of Funding for City of Ekurhuleni.
- Capacity Augmentation

- **HSDG funding for Top Structures**

This programme entails the construction of houses on serviced stands for in-situ and Greenfield developments, where beneficiaries have been identified. The programme constitutes the last phase and consolidates a housing project, apart from other socio-economic amenities and services that are required to achieve integrated and sustainable developments.

The municipality is reliant on allocation from Provincial Department of Human Settlements and has to illustrate readiness to implement the projects. The allocation is also dependent on the Provincial Budget.

The 2017/18 current year's financial plan is addressing the following projects:

- Alra Park Ext 3
- Eden Park West and Extension 1
- Moleleki Extension 1 and 2
- Mayfield Ext 32 and 34

For 2018/19 a gazette is still not received from province, therefore the allocation is unknown since the Provincial Department of Human Settlements is not providing indicative allocations to municipalities.

The Human Settlements Department **submitted** a budget for 2018/2019 to accommodate a financial project plan includes the following programmes:

- **USDG Funding for professional fees: R45 000 000 for various areas.**
- **USDG Funding for Servicing of stands: R 25 918 527, for the following projects:**
 - Langaville Ext 12
 - Angelo Deep
 - Klippoortjie (Ramaphosa Schooll erven)
 - Palm Ridge Ext 4 & 5 High Density Stands
 - Moleleki Ext 3 (Thusong)
 - Delmore Ext 8 Township services planning & Development
 - Palm Ridge Ext 10 & 12 (Bathroom Facilities and SDP)
- **USDG Funding for Urban Renewal : R 25 918 527, for the following projects:**
 - Pirrowville Housing Development Project Phase 1
 - Apex Phase 2
 - Wattville Erf 3110
 - Transaction Advisory Service Fee - Tembisa Urban Renewal
 - Comet Village Phase 2
 - Madelakufa
 - Urban Renewal : Tembisa Leralla Node
 - Palm Ridge Ext 4&5
 - Mayfield
 - Chief Luthuli
- **USDG Funding for Re-Blocking: R 40 325 000, for**
 - Reiger Park
 - Weltevreden
 - Duduza North
 - Ramaphosa Road Reserve
 - Chris Hani Pro.Ext 1
 - Dukathole
 - Good Hope
 - Etwatwa Extension 8, 21, 24
 - Etwatwa 18 (Sam Ntuli)
 - Etwatwa 19 (Solomon Mahlangu)
 - Etwatwa 34 (Barcelona)
 - Etwatwa 36 (Kamashonisa)
 - Etwatwa 37 (Magoba Village)
 - Mayfield Ext 12
 - Mayfield Ext 6
 - Mayfield Ext 9
 - Putfontein 103
 - Reiger Park 5 (School Erf)
- **USDG Funding for PMO: R 45 287 888**

The above requests are subject to grants allocations as gazetted in the final DoRA.

Other Strategic Projects of the Human Settlements Department

PROJECT NAME	PROJECT DESCRIPTION
Leeuwpoort mixed housing development	<ul style="list-style-type: none"> ○ The project is aimed at addressing the housing backlog and to provide various housing products targeting a mix of income groups, including, subsidised housing, bonded housing and Finance Linked Subsidy Programme (for beneficiaries who qualify for both subsidised and bank funding). ○ The first phase will focus on bulk infrastructure provision, detailed planning and design, and implementation of the northern portion. ○ The northern portion of the project is linked to the Joe Slovo informal settlement to be upgraded and formalised. ○ The project is planned to be implemented over the medium- to long-term (over a seven-year period). ○ All legal agreements have been amended and the official appointment of the developer has commenced. ○ The project aims to deliver over 18,000 housing units and is considered to be a mega-project ○ The Section 33 approval was secured in December 2015 thereby signalling the commencement of the implementation process
Development of the township revitalisation and renewal strategy and plans	<ul style="list-style-type: none"> ○ The City of Ekurhuleni aims to develop the urban settlement of Germiston into a sustainable human settlement and Administrative Capital (Metropolitan Headquarters) of the City of Ekurhuleni. The city embarked upon a project to transform Germiston and previously completed an Implementation Plan for Urban Renewal. (GEAR 2030: Towards the Detailed Planning, Design Guidelines and Land Packaging Proposals). ○ Following from GEAR, various projects were identified, some of which are currently at implementation stage as outlined below.
Delville Extension 9 Social Housing Project	<ul style="list-style-type: none"> ○ The project consists of 112 units to be constructed during the 2015/16 and 2016/17 financial years. The project will deliver units comprising of 2 bedrooms, 1 bedroom and bachelor flats with a living room, kitchen and bathroom. Provision has been made on the ground floor for units to cater for persons with disabilities. ○ The buildings comprise of 4 storeys (inclusive of the ground floor), with alternative green building technologies being incorporated as much as possible in the design of these buildings. The construction will be made up of the following blocks: ○ Blocks 1 (B), 2 (B), 3 (B), 4 (B), 5 (A), and 6 (A) which yield 112 units comprising of: 24 one bedrooms, 24 bachelors and 64 two bedrooms.
Germiston Fire Station (ERF 808) Social Housing Project	<ul style="list-style-type: none"> ○ The project consists of 353 units, with 144 units planned for construction during phase 1 and 209 units to be constructed during phase 2 of the project. The project will deliver units comprising of 2 bedrooms, 1 bedroom and bachelor flats with a living room, kitchen and bathroom. Provision has been made on the ground floor for units to cater for persons with disabilities. The plans also include the development of a crèche and hall. ○ The buildings comprise of 4 storeys (inclusive of the ground floor), with alternative green building technologies being incorporated as much as possible in the design of these buildings.

PROJECT NAME	PROJECT DESCRIPTION
	<ul style="list-style-type: none"> Phase 1 construction will be made up of the following blocks: Blocks 1, 3, 4, 6, 7, and 8. The crèche and hall will be developed in subsequent phases. The project will comprise of 353 units in total with 54 one bedrooms, 89 bachelors, 192 two bedrooms and 18 retail space.
Germiston Public Space Upgrade Project	<ul style="list-style-type: none"> The project will focus on the beautification of bridges and upgrading of streets in the Germiston inner city area. Projects have been identified and are at planning stage, some of which will be implemented before June 2016.
Tembisa Urban Renewal	<ul style="list-style-type: none"> Construction of 3 km secondary NMT routes in the Civic Precinct Complete designs for two pedestrian rail crossings in the Civic Precinct
Watville Urban Renewal	<ul style="list-style-type: none"> Completion of feasibility study and geotechnical investigation on Erf 3110 Watville
Katorus Urban Renewal (2015/16)	<ul style="list-style-type: none"> Completion of Dolomite phase 2 investigation for Erf 18383 Vosloorus X 9
Urban Renewal: Daveyton Etwatwa Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> Public Space Upgrade linked with NMT, Concept Definition /Prefeasibility and Designs& Procurement to be completed in 16/17.
Urban Renewal: Katorus: Erf 18383 Vosloorus X 9, Erf 6519 Vosloorus Ext 9, Erf 20846 Ext 30, Portion of RE Portion 192 Farm Vlakplats 138 IR	<ul style="list-style-type: none"> RDP walk-ups & CRU: Concept Definition/Prefeasibility and concept designs completed in 15/16. Execution to be phased. Servicing 200 units & construct 200 RDP units 16/17
Urban Renewal: KwaTsaduza Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> Public Space Upgrade linked with NMT, Concept Definition /Prefeasibility and Designs& Procurement to be completed in 17/18.
Urban Renewal: Tembisa Civic Node: Upgrading of all bulk engineering services as per land packaging requirements	<ul style="list-style-type: none"> Project identified as part of the land packaging plan in 15/16; All bulk engineering services upgrading: Concept Definition/Prefeasibility and Designs to be completed in 17/18.
Urban Renewal: Tembisa Erf 189 Edayini	<ul style="list-style-type: none"> RDP walk-ups: Concept Definition/Prefeasibility and Designs completed in 15/16. Procurement and execution in phases. Servicing & construction 30 units in 17/18, and onwards
Urban Renewal: Tembisa Leralla Node	<ul style="list-style-type: none"> Tembisa Framework Plan completed 2012. Identified projects: Stage 1: Inception Report Stage 2: Concept Viability and Designs to be completed in 17/18
Urban Renewal: Tembisa Public space upgrade linked with NMT Ibazelo & Isithame	<ul style="list-style-type: none"> Prefeasibility and designs to be completed in 15/16. Procurement and execution of rail crossings and NMT in 17/18.
Urban Renewal: Wattville Erf 3130 Watville	<ul style="list-style-type: none"> RDP walk-ups: Concept Definition/Prefeasibility and designs for water & sanitation, paved areas, storm water and electrical services. Procurement and execution in phases Servicing & construction 670 units
Urban Renewal: Watville Erf 3110 Watville	<ul style="list-style-type: none"> RDP walk-ups: Concept Definition/Prefeasibility and designs completed in 16/17. Procurement and execution in phases of 100 units /fy
Urban Renewal: Watville Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> Public Space Upgrade link NMT, Concept Definition /Prefeasibility and Feasibility to be completed in 16/17. Execution in 16/17 onwards.

PROJECT NAME	PROJECT DESCRIPTION
Informal Settlements Formalisation and Upgrade Programme	<ul style="list-style-type: none"> ○ The Programme is aimed at the upgrading and formalisation of informal settlements. ○ It addresses the entire planning and tenure arrangements in informal settlements. ○ This entails the categorisation of informal settlements as requiring relocation, in-situ upgrading or part relocation and part in-situ upgrading. ○ The major aspect of the plan involves undertaking feasibility studies to assess the suitability of various land parcels for human settlements development. ○ Upon positive recommendations of the feasibility reports per informal settlement, detailed pre-planning studies are undertaken in particular Environmental Impact Assessment (EIA) Studies and Geo-Technical studies. On receipt of positive results thereof, land acquisition processes are embarked upon and where land is owned by the municipality, it must be reserved for a housing purpose and a full township establishment process will follow. ○ In case of private land, township establishment would only commence when land has been procured by the municipality. ○ In the 2015/16 financial year, work will be done to complete projects already at planning stage towards townships proclamation and new studies will be embarked for informal settlements without any plans.

4. OPERATIONAL BUDGET

Operating Income

The total Income Budget includes the following:

- Rent from Facilities is income derived from the rental of Council Owned houses and complexes. The process of invoicing and collection is administered by the Finance Department.
- Interest earned of investments represents interest earned in the Human Settlements ABSA bank account. Deposits from Gauteng Department of Human Settlements are transferred to and managed via this bank account.
- The National Operating Grant relates to the new conditional grant for capacity development to municipalities.
- USDG funding for professional fees
- The remainder of the Income Budget relates to capital projects funded by grants. The allocation is based on the grants as gazetted in the final DoRA for 2017/2018 for capital funded projects.

Operating Expenditure

Other than providing budgets to fund regular operational costs, the total Operating Expenditure makes provision for the Human Settlements to achieve the following:

Repairs and Maintenance to rental stock

This is required to ensure that rental stock remains in a good state of repair to enable the Department to provide decent accommodation to tenants and to protect Council's assets.

The link to the SDBIP: Improved Asset and property management in respect of rental stock.

Grants and Subsidies paid to entities

The EDC is responsible for social housing and is regulated by the Social Housing Act.

Rental charges for social housing tenants are not market related and the maintenance cost associated with the social housing properties are at market value. Due to the limited number of rental units, cost will always exceed revenue. The entity has therefore requested a supplementary grant to cover emergency repairs and maintenance, planned maintenance, back log maintenance and to cover shortfalls between rentals charged by EDC which are below the market value.

The link to the SDBIP: Sustainable Human Settlement and infrastructure

Measurable Output: Increased provision of alternative tenure options.

General Expenses

This category makes provision for the following:

- **Disaster Management**

The budget will be utilised for rendering of humanitarian aid to communities by means of reconstruction of structures, supply food hampers and blankets to the affected families due to unforeseen circumstances like fire, floods, tornadoes, etc. It also includes emergency relocations and the repair of damaged houses of registered indigents due to factors beyond their control in terms of Council Policy.

The link to the SDBIP: Management of informal settlements.

Measurable Output: Sustainable environment

- **Awareness Campaigns:**
 - MMC Forum
 - Human Settlements Summit
 - Urban Renewal: Marketing
 - Densification Consumer Awareness Campaigns for new projects
- **Special events:**
 - Calendar events as per Petal
 - Title Deed issue
 - Project launches
- **Land invasion management:**

Counter land invasion by means of patrols at different informal settlements areas. EMPD has taken over the function of dismantling of illegal structures and removing rubble thereof
- **Land relocation**

Relocation and allocation of qualifying beneficiaries onto serviced erven or completed top structures in respect of new housing projects.

Operating Grants Expenditure

- **The National Operating Grant**

The grant relates to the conditional grant for capacity development to municipalities.

The achievement of the human settlements mandate is driven by the National Outcome 8 which is focussed on the creation of integrated sustainable human settlements and the improved quality of life. The accreditation of municipalities outcome by 2014/15, finds clear expression in Outcome 8. Furthermore, the Breaking New Ground strategy, being a blue print for achieving this outcome, also places the municipality at the centre of service delivery, due to its nature and the reality that, it is a sphere of government closer to community grassroots. The assignment of the CITY OF EKURHULENI is also included on the Council approved 2011/2012 IDP, Budget, & SDBIP under Item 1.2.2 accreditation of the municipality by the Gauteng Department of Local Government and Housing.

The rationale for accreditation is that, amongst others, there will be funding certainty for municipality executing the human settlements mandate, budget planning process will be enhanced to create sustainable settlements and service delivery will be accelerated. The intent is to improve efficiencies in the human settlements value chain.

Assignment will make human settlements delivery more efficient and effective, and that as a result of a concentration of funding at the local level, municipalities are better able to make productive decisions on the developmental progress in their areas of jurisdiction. Assignment involves a progressive transfer of responsibility in respect of national housing programmes and this is accompanied by the progressive transfer of accountability for such decision-making, and critically, the progressive transfer of real authority to perform in that role. The municipality has been awarded Accreditation levels one and two functions in March 2011.

Bigen Africa Services (Pty) Ltd – (“Bigen Africa”) was appointed through Contract Number PS-HS 81-2014: “The appointment of Professional Service Providers with a team of four specialist in the built environment to form part of the Human Settlements Departments Special Projects Team responsible for the planning, packaging, design and implementation of various urban renewal and special projects, in inner cities and townships within the City of Ekurhuleni on an as and when basis for a period of 18 months from the date of award.”

There are multiple projects at various stages of design and implementation identified in Urban Renewal Business Plans and the consultants are responsible for the facilitation, coordination and management of the plans and processes for these projects.

Ten contract workers have been brought in on one year contracts. This includes 6 Programme Manager, 3 Project Manager and 1 Finance Administration Officer. This will assist the department to expedite projects and ensure expenditure of the Capital Budget.

- **USDG Funding for professional fees**

This programme entails the detailed planning process per land portion to enable the appropriate upgrading and formalisation of informal settlements to allow the creation of title deeds to enable ownership. The major component of the programme involves undertaking feasibility studies to assess the suitability of various land parcels for

human settlements development, undertaking of preplanning studies including township establishments, environmental impact assessments and various specialist studies such as geotechnical investigations, traffic impact assessments, heritage studies and wetland delineation. All these activities are required to proclaim a township and allow ownership of property.

• HSDG funding for Top Structures

This programme entails the construction of houses on serviced stands for in-situ and Greenfield developments, where beneficiaries have been identified. The programme constitutes the last phase and consolidates a housing project, apart from other socio-economic amenities and services that are required to achieve integrated and sustainable developments.

Table 75 Operating Budget of the Human Settlements Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Human Settlements									
INCOME									
NON - EXCHANGE REVENUE									
- Transfers and Subsidies	(1,148,139)	(1,126,447)	(447,681)	(1,115,788)	(1,081,821)	-3.96%	95.68%	(1,135,631)	(1,107,400)
- Operational: Monetary	(227,782)	(237,782)	(83,517)	(237,782)	(102,000)	-57.10%	9.02%	(102,000)	(102,000)
- Capital: Monetary	(920,356)	(888,665)	(364,163)	(878,005)	(979,821)	10.26%	86.66%	(1,033,631)	(1,005,400)
SUB TOTAL - NON - EXCHANGE REVENUE	(1,148,139)	(1,126,447)	(447,681)	(1,115,788)	(1,081,821)	-3.96%	95.68%	(1,135,631)	(1,107,400)
EXCHANGE REVENUE									
- Interest, Dividends and Rent on Land	(4,176)	(4,176)	3,165	(3,967)	(4,176)	0.00%	0.37%	(4,384)	(4,604)
- Rental from Fixed Assets	(42,892)	(42,892)	(33,488)	(38,603)	(44,611)	4.01%	3.95%	(46,841)	(49,183)
- Sales of Goods and Rendering of Services	-	-	(3)	-	-	0.00%	0.00%	-	-
SUB TOTAL - EXCHANGE REVENUE	(47,068)	(47,068)	(30,327)	(42,570)	(48,786)	3.65%	4.32%	(51,226)	(53,787)
TOTAL INCOME	(1,195,207)	(1,173,515)	(478,007)	(1,158,358)	(1,130,607)	-3.66%	100.00%	(1,186,857)	(1,161,186)
EXPENDITURE									
Employee Related Costs									
- Senior Management	106,929	106,071	82,729	106,071	122,467	15.46%	23.37%	134,114	146,868
- SM - Salaries Allowances and Service Benefits	1,919	1,919	1,713	1,919	1,930	0.60%	0.37%	2,114	2,315
- SM - Social Contributions	1,822	1,822	1,632	1,822	1,827	0.26%	0.35%	2,001	2,191
- SM - Social Contributions	96	96	80	96	103	7.00%	0.02%	113	124
- Municipal Staff	105,010	104,152	81,016	104,152	120,537	15.73%	23.00%	132,000	144,553
- MS - Salaries Allowances and Service Benefits	91,673	90,815	67,713	90,815	105,928	16.64%	20.21%	116,002	127,033
- MS - Social Contributions	21,094	21,094	14,676	21,094	22,367	6.03%	4.27%	24,494	26,823
- MS - Cost Capitalised to PPE	(7,757)	(7,757)	(1,372)	(7,757)	(7,757)	0.00%	-1.48%	(8,495)	(9,303)
Contracted Services	284,610	279,218	128,669	278,528	198,029	-29.08%	37.78%	204,445	211,353
- Outsource Services	75	75	44	73	33	-56.41%	0.01%	33	34
- Consultants and Professional Services	66,217	68,936	18,648	68,848	40,350	-41.47%	7.70%	39,918	39,513
- Contractors	218,318	210,207	109,977	209,606	157,646	-25.00%	30.08%	164,494	171,806
Operational Cost									
- Inventory	31,613	26,813	3,006	25,647	25,280	-5.72%	4.82%	25,412	25,553
- Interest Dividends and Rent on Land	77,863	93,683	39,851	88,262	40,137	-57.16%	7.66%	41,551	43,059
- Operating Leases	138,803	129,034	96,027	129,034	-	-100.00%	0.00%	-	-
- Contribution for Bad Debt	2,809	4,259	3,565	4,177	3,738	-12.24%	0.71%	4,112	4,523
- Transfers and Subsidies	2,574	2,574	2,145	2,574	2,642	2.66%	0.50%	2,853	3,082
- Depreciation and Amortisation	8,000	32,054	6,000	32,054	82,400	157.06%	15.72%	8,000	8,000
- Depreciation and Amortisation	8,000	32,054	6,000	32,054	82,400	157.06%	15.72%	8,000	8,000
TOTAL EXPENDITURE	52,310	52,310	43,592	52,310	49,441	-5.49%	9.43%	52,901	56,604
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(1,142,897)	(1,175,727)	(1,201,679)	(1,190,882)	(1,201,636)	-0.01%	100.00%	(1,239,758)	(1,217,789)
DEFICIT / (SURPLUS) AFTER RECOVERIES	(1,142,897)	(1,175,727)	(1,201,679)	(1,190,882)	(1,201,636)	-0.01%	100.00%	(1,239,758)	(1,217,789)
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(1,142,897)	(1,175,727)	(1,201,679)	(1,190,882)	(1,201,636)	-0.01%	100.00%	(1,239,758)	(1,217,789)

2.10.19 BUDGET OF EKURHULENI HOUSING COMPANY (EHC)

The Budget of the EHC is presented as a consolidated budget for the four entities:

- Ekurhuleni Development Company SOC Ltd (Management Company).
- Pharoe Park Housing Company SOC Ltd.
- Germiston Phase II Company SOC Ltd.
- Lethabong Housing Institute NPC.

Assumptions underpinning the budget

The assumptions and guidelines used in compiling the final budget are as follows:

- Operational Grant R 8,48m

The operational grant is to cover repairs and maintenance for EHC ageing assets, job grading exercise and salary increases as a result of the operational grant that was cut, and legal fees relating to collecting monies owed by tenants and to cover evictions cost.

- Guard House for Sethokga Community Residential Project

This hostel redevelopment project refurbishment under the Community Residential unit programme.

This project is to be transferred to EHC for management as part of its rental mandate.

One of the conditions for EHC to effectively manage the 220 units is to have proper security control. To this end the current project has omitted to build a guard house, therefore a grant of R 250 000 is requested to construct a guard house before EHC can take over rental stock management.

- Depreciation –Chris Hani and Delville Phase 2

This relates to R2.92m depreciation Chris Hani and Delville phase 2 for properties that were transferred to EHC which were not budgeted by EHC because the practice has been that constructed asset are transferred to EMM Asset register and then gets transferred from their asset register to EHC to manage.

- Maintenance and Refurbishment – Pharoe Park

Pharoe Park refurbishment project amounting to R10m relating to commercial shops.

- SARS Income Tax payable and Transfer duty

The R32.4million tax is normal income tax due to SARS. It mainly originated due to the tax on the R80m grant received for the Chris Hani building. This tax liability put PHII into a tax paying position at year end and the figure agrees to the tax calculation of the year end AFS submitted to the auditors and Transfer duties.

- SETHOKGA Community Residential Project-Operational expenses

This relates to Sethokga community residential project relating to operational expenses that will be incurred by EHC amounting to R3.759m

- SETHOKGA Community Residential Project-Provision for bad debts

This relates to Sethokga community residential project relating to provision for bad debts that will be incurred by EHC amounting to R800k .

-
- Grant for stock transfer take on cost

The R1m relates for grant for stock transfer –take on cost for properties that will be transferred from EMM to EHC.

- Delville Ext 9 SARS Income Tax payable on grant value and Transfer duty payable

The R32.4 m tax is normal income tax and transfer duty that will be payable on in the 2018/19 Financial year for provisional tax due to SARS, based on the value of the grant received for the Delville x9 buildings.

- Delville extension 9 – Solar system installation

The R5m relates to Delville extension 9 – Solar system installation project.

- IT Equipment, furniture and fittings and Office equipment

The R990k relates to IT equipment, furniture and fittings and office equipment for EHC head office.

Table 76 Budget of Ekurhuleni Housing Company

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 AMENDED BUDGET - APR'18		F00 R'000 YEAR TO DATE - APR'18		F00 R'000 PROJECTED		F01 R'000 2018/19		% B to B		% O/T Total		F02 R'000 2019/20		F03 R'000 2020/21	
	R	<	R	<	R	<	R	<	R	<	R	<	R	<	R	<	R	<
EHC TOTAL																		
INCOME																		
NON - EXCHANGE REVENUE																		
Transfers and Subsidies	(8,000)		(8,000)		(7,808)		(8,000)		(8,400)		930.00%		60.29%		(17,977)		(19,056)	
- Operational: Monetary	(8,000)		(8,000)		(7,808)		(8,000)		(74,900)		836.25%		54.80%		(17,977)		(19,056)	
- Capital: Monetary	-		-		-		-		(7,500)		100.00%		5.49%		-		-	
SUB TOTAL: NON - EXCHANGE REVENUE	(8,000)		(8,000)		(7,808)		(8,000)		(82,400)		930.00%		60.29%		(17,977)		(19,056)	
EXCHANGE REVENUE																		
Service Charges	(6,961)		(6,961)		(6,604)		(6,961)		(5,253)		-24.54%		3.84%		(5,568)		(5,902)	
Interest, Dividends and Rent on Land	(1,476)		(1,476)		(2,281)		(1,476)		(1,924)		30.34%		1.41%		(2,039)		(2,162)	
Operational Revenue	(1,288)		(1,288)		(86)		(86)		(972)		-24.54%		0.71%		(1,030)		(1,092)	
Rental from Fixed Assets	(38,321)		(38,321)		(29,108)		(38,321)		(44,571)		16.31%		32.61%		(47,245)		(50,080)	
Sales of Goods and Rendering of Services	(2,052)		(2,052)		(1,49)		(2,052)		(1,549)		-24.54%		1.13%		(1,641)		(1,740)	
SUB TOTAL: EXCHANGE REVENUE	(50,098)		(50,098)		(36,228)		(50,098)		(54,258)		8.32%		39.71%		(57,524)		(60,976)	
TOTAL INCOME	(58,098)		(58,098)		(44,036)		(58,098)		(136,658)		135.24%		100.00%		(75,502)		(80,032)	
EXPENDITURE																		
Employee Related Costs																		
Senior Management	19,308		19,308		18,073		19,308		23,249		20.41%		18.15%		24,644		26,122	
- SM- Salaries Allowances & Service Benefits	9,174		9,174		9,473		9,174		11,046		20.41%		8.62%		11,709		12,412	
- SM- Social Contributions	8,263		8,263		8,518		8,263		9,974		20.41%		7.78%		10,572		11,206	
Municipal Staff	891		891		961		891		1,073		20.41%		0.84%		1,137		1,205	
- MS - Salaries Allowances & Service Benefits	10,134		10,134		8,594		10,134		12,202		20.41%		9.52%		12,935		13,711	
- MS - Social Contributions	9,199		9,199		7,567		9,199		11,077		20.41%		8.65%		11,741		12,446	
- MS - Social Contributions	935		935		1,028		935		1,126		20.41%		0.88%		1,193		1,265	
Remuneration of Board Members	2,880		2,880		2,430		2,880		3,082		7.00%		2.41%		3,266		3,462	
Contracted Services	7,927		7,927		13,194		7,927		9,802		21.13%		7.49%		10,555		11,188	
- Outsourcing Services	5,131		5,131		6,476		5,131		3,259		-35.71%		2.57%		3,497		3,706	
- Consultants and Professional Services	1,501		1,501		3,216		1,501		1,444		-3.77%		1.13%		1,631		1,623	
- Contractors	1,295		1,295		3,501		1,295		4,559		275.21%		3.79%		5,527		5,859	
Operational Cost	6,896		6,896		9,992		6,896		12,691		84.03%		9.91%		14,453		15,320	
Inventory	11,824		11,824		260		11,824		7,623		-35.53%		5.95%		8,781		9,307	
Interest Dividends and Rent on Land	27		27		65		27		29		6.00%		0.02%		30		32	
Operating Leases	961		961		1,025		961		1,024		6.51%		0.80%		1,179		1,250	
Contribution for Bad Debt	5,907		5,907		856		5,907		6,261		6.00%		4.89%		6,637		7,035	
Depreciation and Amortisation	1,378		1,378		-		1,378		4,571		231.71%		3.57%		4,845		5,135	
Income Tax	-		-		-		-		59,989		100.00%		46.82%		-		-	
TOTAL EXPENDITURE	57,108		57,108		45,895		57,108		128,119		124.35%		100.00%		74,389		78,853	
DEFICIT / (SURPLUS)	(900)		(900)		1,858		(900)		(8,549)		763.54%				(1,112)		(1,179)	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(900)		(900)		1,858		(900)		(8,549)						(1,112)		(1,179)	
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(900)		(900)		1,858		(900)		(8,549)						(1,112)		(1,179)	

2.10.20 INFORMATION COMMUNICATION TECHNOLOGY (ICT)

The result statements of the department are contained in the IDP in Annexure A.

Flagship Project as pronounced by the Executive Mayor

Activity	Description
Digital City	
Brief Description	<p>Digital City is the innovative use of technology to create a smart City. The Digital City is divided into four streams of work which are:</p> <ul style="list-style-type: none"> • Broadband infrastructure; • Setting up CoE as an Internet service provider; • Enterprise Operation Centre/Unified Command Centre (UCC) • Digital City services and products. <p>Implementation of Phase 1 of the project which includes setting up of the Digital City unit to provide effective broadband infrastructure that supports the business services, commercialisation of the fibre and connectivity to Ekurhuleni community.</p> <p>Project Components</p> <p>Stream 1: Broadband (fibre connectivity):</p> <ul style="list-style-type: none"> • Rollout fibre broadband throughout Ekurhuleni. All municipality buildings to be connected (estimated 686 buildings) over a period of 4 years. • Existing connectivity: 157, remainder: 530. • Create redundancy for 95% of fibre links for increased network stability • 602KM of fibre confirmed active and working. Extra 700 deployed and currently being activated. Expansion to other sites in process <p>Stream 2: Broadband wireless connectivity:</p> <ul style="list-style-type: none"> • Provision of broadband wireless overlay (Wi-Fi-based) – 2 hotspots for internal use and between 2 and 4 hotspots for public Wi-Fi in each of the 686 buildings. • 34 buildings have Wi-Fi from internal hotspots currently and 300 Wi-Fi sites to the public exists. <p>Stream 3: Unified Command Centre:</p> <ul style="list-style-type: none"> • The Conceptual Phase of the UCC was completed, developing the UCC strategy and Operating Model, high level business processes as well as a costing model provided a projection of costs. • Two parallel processes to follow now are: <ol style="list-style-type: none"> (a) Building architecture drawings and construction of the building <ul style="list-style-type: none"> • Budget for this still needs to be allocated. (b) Obtaining and implementing the UCC IT solutions <ul style="list-style-type: none"> • Specification of procurement completed. Tender process to start soon. <p>Stream 4: City Of Ekurhuleni E-Citizen Services:</p> <ul style="list-style-type: none"> • City planning operations: Analysis and automation of current processes. In addition, defining a data and process architecture. 4 Processes automated and extra 6 to be automated • External: function of potential datasets which can be made available to outside world, as well as potential in -city Business Process Owner components which city has appetite to provide. <p>Alignment with the GDS 2055:</p> <p>Goal: increased broadband coverage.</p>

Activity	Description
	<p>This strategy is supported by:</p> <ul style="list-style-type: none"> • Creating a fibre and wireless network throughout Ekurhuleni to create a connected city. • Create internet zones to the public to encourage economic development, especially in historically disadvantaged areas. • Connect all the City of Ekurhuleni buildings and as such increase efficiency. • Install video conferencing in boardrooms and meeting rooms to increase efficiency and reduce travelling time. • Install application functionality to have an increased engagement with the citizens by means of easy-to-use and advanced technology. These include SMS, smart phone, website and other electronic communication.
Current progress on project	<p><u>Infrastructure:</u></p> <ul style="list-style-type: none"> • Fibre activation through deployment of switches in progress • 200 Wi-Fi units rolled out for internal use. • Rollout of public Wi-Fi in all libraries in progress and should be completed by the end of the 2018/19 FY. • VNX Infrastructure to be expanded to cater for new systems and capacity requirements. • Converged infrastructure expansion in progress. • Video Conferencing installed for 20 boardrooms, Tender for extra 12 boardrooms to be installed. <p><u>Business Process Mapping:</u> Business processes mapping for the 20 key departments targeted for the UCC is completed. UCC implementation starting with the Safe City has been initiated</p> <p><u>Applications:</u></p> <ul style="list-style-type: none"> • City process model, BPM Framework, APM and RMP have been created. • Master systems plan in place and has been approved. • Implementation of the Master Systems Plan in progress <p><u>Unified Command Centre:</u></p> <ul style="list-style-type: none"> • DEMS strategic and tactical command centre establishment in Bedfordview in architect design stage. • Long-term UCC: <ul style="list-style-type: none"> • Conceptual Design Phase nearly completed. Strategy and value proposition was defined, high level processes were defined, and Business functionality as well as IT requirements and UCC costing model were defined. • Tender for architect consulting team for UCC buildings in progress. • Tender process for the implementation of the UCC sub-component (Safe City) in progress. Specifications finalise and ready to go out on tender.
Plans for the 2017/2018 financial year	<p><u>Infrastructure:</u></p> <ul style="list-style-type: none"> • Fibre expansion 85KM and building 82KM fibre network completed • New Fibre tender to activate the currently deployed fibre in advanced stage. • Create redundancy for 225 sites by purchasing 130KM fibre awaiting tender. • Stabilised the Wi-Fi network and continue with the expansion

Activity	Description
	<ul style="list-style-type: none"> ○ Install internal Wi-Fi in 235 buildings (2 units per building). ○ Install public Wi-Fi in 235 buildings (between 2 and 4 units per building). ○ Connect four City Of Ekurhuleni Computer centres. ○ Continue with upgrade of security.

Key Strategic Projects of the Information Communication Technology Department

Activity	Description
Unified Command Centre	
Brief Description	The project is creating a multi-discipline, multi-department command and control centre to provide integrated service delivery to the public. The Boksburg Fire station site was selected to construct a building for the UCC. The UCC will contain a centralised customer care centre for both life threatening and non-life threatening services as well as command and control centres for Energy, Water, CCTV Surveillance, Vehicle tracking and dispatch. It will also house the CRM head office as well as an ICT data centre. The UCC will use smart city technology for enhanced efficiency.
Current progress on project	<p>The Conceptual Design Phase was completed. This design phase already delivered the UCC strategy and value proposition, high level processes and operating model, Business requirements definition and defining the IT solutions required for the UCC. It also delivered a UCC costing model.</p> <p>The tender for contracting the architect consultants for the UCC building is in progress.</p>
Plans for the 2017/2018 financial year	<ul style="list-style-type: none"> • Architectural designs and costing of the UCC building to be completed • Completing the selection process of the UCC IT solutions. • Confirm funding for the building construction • Tender process for the implementation of the UCC sub-component (Safe City) in progress. Specifications finalise and ready to go out on tender.
Business Process Management (BPM)	
Brief Description	The project objective is to optimise, redesign and automate the business processes with the aim to reduce silo operations and improve responses to the customers. BPM aims to improve the efficiency of the municipality business processes, doing things better with optimised processes and achieve better communication across the organisation; to integrate municipality business processes with partners in the value chain, and understanding which partner is responsible for what part of the process. This will also apply to the municipality's interaction with other spheres of government, business, NGOs, etc.
Current progress on project	<ol style="list-style-type: none"> (1) Five processes (City Planning) from a combined total of eight have been completed. It is anticipated that the remaining processes will be completed by the end of quarter 4 in 2016/16. (2) Finalise the optimisation of the Energy revenue processes. (3) The e-Health solution has been developed and should be deployed and fully operational by March 2016. E-Health first phase deployed and second phase to expand on functionality to be currently in progress. (4) HR system which include the talent management, e-recruitment and Payroll to address operation efficiencies and audit findings currently in progress to be launched by end of financial year. (5) Deployment of Finance System as part of the ERP to be initiated.

Activity	Description
Plans for the 2018/2019 financial year	In the new financial year, the department will focus on business processes engineering that are aligned to the ERP implementation. Migration of systems to ERP will be part of this process.
Information and Knowledge Management	
Brief Description	The intent of the project is to create an information environment that provides the following: business-driven; knowledge-based; integrated; always available and reliable.
Current progress on project	The base deployment of the SharePoint and Document management solution have been completed at the end of November 2015. The base deployment of the Case management (CRM department) solution is currently in progress and it is anticipated that this solution will go live by the end of February 2016. Technical challenges forced the department to go back to the drawing board to architect the
Plans for the 2018/19 financial year	<ul style="list-style-type: none"> Design and deployment of the advanced SharePoint and Document management capability. Implementation of the advanced Case management capability (CRM).
Enterprise Resource Planning	
Brief Description	<p>An Integrated ERP solution has been procured to replace componentised ERP previously committed. Implementation of the ERP to start in March 2018. Human resources management, payroll, finance, supply chain management, grant management and projects to be implemented as part of this project. Foundation for Digital City enabler requires this infrastructure in place to ensure innovative smart city solution like IoT and Blockchain can be leveraged</p> <p>ERP provides for policies and procedures to be built into the system and uploaded as necessary. This will greatly reduce our dependence on policy and procedure manuals for knowledge transfer and provide a much more efficient means to handle knowledge retention, especially as experienced staff retires. ERP systems also come with built-in audit and security controls that have been implemented.</p>
Current progress on project	<ul style="list-style-type: none"> Upgrade of the HR system is in progress. It is anticipated that this upgrade will be completed by end of March 2016. Additional HR modules (talent management, e-recruitment and Payroll) to be implemented by the end of the 2018/19 FY. The Project Management online tool was deployed but expansion to the tool has been put on hold since the solution is a candidate to be migrated to Integrated ERP and will be analysed and migrated to ERP.
Plans for the 2018/19 financial year	<ul style="list-style-type: none"> Upgrade of the financial system to Solar. Deployment of the advanced Project Management tool capabilities. Dashboard and reports development for the Finance and EPMO departments. Deployment of advanced Identity and Access management capability.

Table 77 Operating Budget of the Information Communication Technology Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
ICT	R	R	R	R	R	R	R	R	R
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies	-	(201)	-	(201)	-	-100.00%	0.00%	-	-
- Capital: Monetary	-	(201)	-	(201)	-	-100.00%	0.00%	-	-
SUB TOTAL: NON - EXCHANGE REVENUE	-	(201)	-	(201)	-	-100.00%	0.00%	-	-
TOTAL INCOME	-	(201)	-	(201)	-	-100.00%	0.00%	-	-
EXPENDITURE									
Employee Related Costs	108,990	108,252	75,826	108,252	120,839	11.63%	23.15%	132,331	144,916
Senior Management	2,181	2,181	1,729	2,181	1,653	-24.23%	0.32%	1,810	1,982
- SM - Salaries Allowances and Service Benefits	2,180	2,180	1,622	2,180	1,594	-26.85%	0.31%	1,746	1,912
- SM - Social Contributions	2	2	107	2	59	3040.42%	0.01%	64	70
Municipal Staff	106,809	106,071	74,096	106,071	119,186	12.37%	22.84%	130,521	142,933
- MS - Salaries Allowances and Service Benefits	87,807	87,069	60,994	87,069	99,104	13.82%	18.99%	108,529	118,850
- MS - Social Contributions	19,002	19,002	13,102	19,002	20,082	5.69%	3.85%	21,992	24,084
Contracted Services	142,420	141,620	104,045	141,754	155,403	9.73%	29.77%	165,502	176,258
- Outsourcing Services	75	75	24	73	24	-67.67%	0.00%	24	24
- Contractors	142,345	141,545	104,020	141,680	155,379	9.77%	29.77%	165,478	176,234
Operational Cost	121,585	121,623	45,373	117,610	70,565	-41.98%	13.52%	70,679	70,800
Inventory	1,663	2,163	1,007	2,095	645	-70.18%	0.12%	681	720
Interest Dividends and Rent on Land	-	-	-	-	105,462	100.00%	20.21%	114,954	125,300
Depreciation and Amortisation	73,018	73,018	60,849	73,018	69,013	-5.49%	13.22%	73,844	79,013
TOTAL EXPENDITURE	447,676	446,676	287,099	442,728	521,927	16.85%	100.00%	557,991	597,007
DEFICIT / (SURPLUS)	447,676	446,475	287,099	442,527	521,927	16.90%		557,991	597,007
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	447,676	446,475	287,099	442,527	521,927			557,991	597,007
TOTAL RECOVERIES	(25,393)	(25,393)	(20,377)	(25,393)	(27,145)	0		(27,145)	(27,145)
TOTAL CHARGES	49	49	-	49	52	0		52	52
TOTAL CHARGES / RECOVERIES	(25,344)	(25,344)	(20,377)	(25,344)	(27,092)	0		(27,092)	(27,092)
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	422,333	421,131	266,722	417,184	494,835			530,899	569,914

2.10.21 INTERNAL AUDIT

Key Strategic Projects of INTERNAL AUDIT

The result statements of the department are contained in the IDP in Annexure A.

Internal Audit is an appraisal function established within the organization in compliance with the requirements of the MFMA and MSA and independently examines and evaluates the activities of the organization as a service to the Council in particular and to management in general.

Internal Audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The objectives of internal auditing are to assist senior managers of the organization in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control at reasonable cost. Furthermore, to evaluate and report on compliance with the Municipal Finance Management Act, Municipal Systems Act and related Treasury Regulations.

Operating Budget of the INTERNAL AUDIT

The Operating Budget of the Internal Audit Department is as follows:

Table 78 Operating Budget of the Internal Audit

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 AMENDED BUDGET - APR'18		F00 R'000 YEAR TO DATE - APR'18		F00 R'000 PROJECTED		F01 R'000 2018/19		% B to B		% Of Total		F02 R'000 2019/20		F03 R'000 2020/21	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Internal Audit																		
EXPENDITURE																		
Employee Related Costs	51,237		51,193		38,681		51,193		56,300		9.98%		87.43%		61,654		67,518	
Senior Management	2,189		2,189		226		2,189		1,975		-9.78%		3.07%		2,163		2,369	
- SM - Salaries Allowances and Service Benefits	2,101		2,101		212		2,101		1,973		-6.08%		3.06%		2,161		2,367	
- SM - Social Contributions	88		88		14		88		2		-97.84%		0.00%		2		2	
Municipal Staff	49,048		49,003		38,455		49,003		54,325		10.86%		84.36%		59,491		65,149	
- MS - Salaries Allowances and Service Benefits	40,996		40,952		32,427		40,952		46,170		12.74%		71.70%		50,560		55,369	
- MS - Social Contributions	8,051		8,051		6,028		8,051		8,155		1.29%		12.66%		8,931		9,780	
Contracted Services	8,156		9,607		7,439		8,288		6,635		-30.94%		10.30%		6,487		6,388	
- Outsource Services	4,128		4,328		2,742		4,239		5,226		20.74%		8.12%		5,506		5,807	
- Consultants and Professional Services	3,969		5,197		4,669		3,969		1,350		-74.03%		2.10%		918		513	
- Contractors	59		82		28		80		59		-27.73%		0.09%		63		67	
Operational Cost	1,246		1,279		594		1,320		1,006		-21.34%		1.56%		1,059		1,116	
Inventory	561		557		142		539		260		-53.31%		0.40%		276		292	
Operating Leases	1,528		80		-		1,282		-		-100.00%		0.00%		-		-	
Depreciation and Amortisation	203		203		169		203		192		-5.49%		0.30%		205		220	
TOTAL EXPENDITURE	62,931		62,919		47,026		62,825		64,393		2.34%		100.00%		69,682		75,533	
DEFICIT / (SURPLUS)	62,931		62,919		47,026		62,825		64,393		2.34%				69,682		75,533	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	62,931		62,919		47,026		62,825		64,393						69,682		75,533	
TOTAL CHARGES	153		157		25		157		164		0				164		164	
TOTAL CHARGES / RECOVERIES	153		157		25		157		164		0				164		164	
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	63,084		63,077		47,052		62,982		64,557						69,845		75,696	

2.10.22 LEGISLATURE

This department was established with the purpose of strengthening the capacity of the City of Ekurhuleni through modernisation and technological advancements. It includes the following budgets:

- Office of the Speaker.
- Office of the Chief Whip.
- Oversight committees.
- Administration of Ward Committees.
- Part-time councillors.
- Budget for chairpersons of Oversight Committees.

It is important to note that cost centre 4418, which contains the budget for part-time councillors, has also been allocated to the Legislature. This implies that all the councillor allowances are now budgeted as part of the Legislature - based on the principle that part-time councillors will mostly form part of the oversight committees. The mentioned cost centre also provides for the travelling and accommodation of part-time councillors to conferences and seminars and overseas business activities.

Table 79 Operating Budget of the Legislature Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Legislature									
EXPENDITURE									
Employee Related Costs	130,618	129,085	86,649	129,085	135,489	4.96%	43.55%	148,374	162,485
Senior Management	2,181	2,181	1,854	2,181	1,862	-14.63%	0.60%	2,040	2,234
- SM - Salaries Allowances and Service Benefits	2,180	2,180	1,745	2,180	1,861	-14.64%	0.60%	2,037	2,231
- SM - Social Contributions	2	2	109	2	2	2.25%	0.00%	2	2
Municipal Staff	128,436	126,903	84,795	126,903	133,627	5.30%	42.95%	146,335	160,251
- MS - Salaries Allowances and Service Benefits	104,349	102,816	75,438	102,816	115,779	12.61%	37.22%	126,790	138,848
- MS - Social Contributions	24,087	24,087	9,357	24,087	17,848	-25.90%	5.74%	19,545	21,404
Remuneration of Councillors	118,280	121,780	101,178	121,780	138,301	13.57%	44.45%	147,290	156,864
- ROC - Allowances & Service Related Benefits	113,058	116,558	97,895	116,558	134,027	14.99%	43.08%	142,738	152,016
- ROC - Social Contributions	5,222	5,222	3,283	5,222	4,274	-18.15%	1.37%	4,552	4,848
Contracted Services	8,866	8,992	4,182	9,057	6,215	-30.89%	2.00%	6,317	6,425
- Outsource Services	5,294	5,184	3,759	5,240	3,405	-34.33%	1.09%	3,501	3,604
- Consultants and Professional Services	3,463	3,700	399	3,775	2,725	-26.35%	0.88%	2,725	2,725
- Contractors	108	108	24	43	85	-21.12%	0.03%	91	96
Operational Cost	28,305	14,811	5,351	15,056	9,116	-38.46%	2.93%	9,318	9,533
Inventory	28,253	30,296	23,089	28,453	20,930	-30.91%	6.73%	22,060	23,274
Operating Leases	362	392	209	343	1,056	169.17%	0.34%	1,161	1,277
TOTAL EXPENDITURE	314,683	305,356	220,659	303,774	311,106	1.88%	100.00%	334,521	359,858
DEFICIT / (SURPLUS)	314,683	305,356	220,659	303,774	311,106	1.88%		334,521	359,858
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	314,683	305,356	220,659	303,774	311,106			334,521	359,858
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	314,683	305,356	220,659	303,774	311,106			334,521	359,858

2.10.23 REAL ESTATE

The following divisions in the Real Estate Department were approved:

- Strategy and planning.
- Governance and compliance.
- Support services.
- Portfolio advisory services.
- Property development.
- Property management.
- Facilities management.
- Parks and cemeteries.

Progress with the revenue enhancement drive in City of Ekurhuleni with respect to the role the Real Estate Department should play

The potential exists to maximise the rental from the commercial lease portfolio by ensuring that all new leases and renewals are done at proven market-related rentals and escalations. The current back-log needs to be addressed with the additional resource and man-power required which will be brought about with the institutional review process, the amalgamation of property transactions and improved systems, delegation and procedure.

Every effort must be made to facilitate shorter approval processes by the correct interpretation of the MFMA, asset transfer regulations and SCM regulations. The property portfolio needs to be segmented in order to identify specific sites with high rental value potential. The aim is to increase the real revenue with 5% annually.

Many of Council's existing real estate assets (buildings) are in a state of neglect. An amount of R15m has been allocated to enhance revenue potential of some of these facilities. This is part of the prestige building programme where components of the building will be repaired to increase the revenue potential of the facility. Examples are Springs Market, Alberton civic community facilities etc.

Flagship Projects as pronounced by the Executive Mayor

The Real Estate Department is involved, as a secondary partner, with the two flagship projects:

NAME OF THE PROJECT	BRIEF DESCRIPTION
Establishment of a functional Real Estate management unit	<ul style="list-style-type: none"> • Setting up of Real Estate Department and strategy conceptualisation. • Completion of the strategy and organisational structure.

The result statement of the department is contained in the IDP in Annexure A.

Operating Budget

The 2018/19 Real Estate Department Operational Expenditure Budget comprises mainly staff remuneration which constitutes approximately 20% of the budget. Repair and Maintenance is the biggest cost driver which is approximately 70% of the budget.

Table 80 Operating Budget of the Real Estate Department

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 AMENDED BUDGET - APR'18		F00 R'000 YEAR TO DATE - APR'18		F00 R'000 PROJECTED		F01 R'000 2018/19		% B to B		% Of Total		F02 R'000 2019/20		F03 R'000 2020/21	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Real Estate																		
INCOME																		
EXCHANGE REVENUE																		
Rental from Fixed Assets	(20,829)		(20,829)		(15,672)		(18,746)		(22,058)		5.90%		55.37%		(23,161)		(24,319)	
Sales of Goods and Rendering of Services	(24,984)		(24,984)		(8,515)		(22,466)		(17,777)		-28.85%		44.63%		(18,666)		(19,599)	
SUB TOTAL: EXCHANGE REVENUE	(45,813)		(45,813)		(24,187)		(41,232)		(39,835)		-13.05%		100.00%		(41,827)		(43,918)	
TOTAL INCOME	(45,813)		(45,813)		(24,187)		(41,232)		(39,835)		-13.05%		100.00%		(41,827)		(43,918)	
EXPENDITURE																		
Employee Related Costs																		
Senior Management	2,247		2,247		1,778		2,247		2,322		3.32%		0.50%		2,543		2,785	
- SM - Salaries Allowances and Service Benefits	2,138		2,138		1,686		2,138		2,204		3.09%		0.47%		2,414		2,644	
- SM - Social Contributions	109		109		92		109		118		7.95%		0.03%		129		141	
Municipal Staff	230,155		227,920		152,177		227,920		245,952		7.91%		52.70%		269,342		294,957	
- MS - Salaries Allowances and Service Benefits	185,594		183,358		123,584		183,358		197,582		7.76%		42.34%		216,372		236,949	
- MS - Social Contributions	45,270		45,270		28,593		45,270		49,079		8.42%		10.52%		53,747		58,858	
- MS - Cost Capitalised to PPE	(709)		(709)		-		(709)		(709)		0.00%		-0.15%		(776)		(850)	
Contracted Services	32,672		48,143		39,768		46,567		11,157		-76.83%		2.39%		8,750		6,518	
- Outsource Services	1,048		703		204		1,016		609		-13.37%		0.13%		639		672	
- Consultants and Professional Services	26,383		43,818		38,438		42,033		8,094		-81.53%		1.73%		5,504		3,076	
- Contractors	5,241		3,622		1,125		3,517		2,454		-32.26%		0.53%		2,607		2,771	
Operational Cost	10,571		9,705		5,672		9,669		7,528		-22.43%		1.61%		7,811		8,112	
Inventory	121,947		112,466		74,900		113,616		144,904		28.84%		31.05%		154,316		164,340	
Interest Dividends and Rent on Land	-		-		-		-		49,367		100.00%		10.58%		53,810		58,653	
Operating Leases	6,154		7,661		5,937		6,154		5,474		-28.55%		1.17%		6,021		6,623	
TOTAL EXPENDITURE	403,746		408,142		280,232		406,173		466,704		14.35%		100.00%		502,594		541,988	
DEFICIT / (SURPLUS)	357,932		362,329		256,045		364,941		426,869		17.81%				460,767		498,070	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	357,932		362,329		256,045		364,941		426,869						460,767		498,070	
TOTAL RECOVERIES	(51,007)		(51,007)		(6,579)		(51,007)		(54,526)		0				(54,526)		(54,526)	
TOTAL CHARGES	145,487		139,975		122,303		142,314		158,184		0				158,184		158,184	
TOTAL CHARGES / RECOVERIES	94,480		88,968		115,723		91,307		103,657		0				103,657		103,657	
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	452,413		451,297		371,768		456,248		530,527						564,424		601,727	

2.10.24 RISK MANAGEMENT

Key Strategic Projects of RISK MANAGEMENT

Compliance Management Programme

The department is responsible for ensuring compliance with laws and regulations by implementing the compliance process and monitoring non-compliance throughout the City and aims to improve the level of compliance maturity over the Medium Term Revenue and Expenditure Framework (MTREF) period. The maturity projects will focus on monitoring all compliance risks and assisting departments to put into place compliance risk management plans to mitigate high risks. This programme will further include training and certification of officials in the area of compliance to improve the capacity of the municipality in managing compliance risks. The department will focus on developing a system to ensure that City of Ekurhuleni will be aware of new and amended laws and regulations.

Ethics and Anti-Fraud Programme

The CoE established the Ethics Office within the Risk Management Department to manage fraud and ethics programme and to ensure that risk management processes are in place to mitigate the risk of fraud and ethics in the City. Continuous anti-fraud campaign training and awareness programmes are being rolled out throughout City of Ekurhuleni to ensure that a culture of ethics is embedded within the organisation at every level.

Review of risk financing mechanisms

The importance of enforcing an effective risk transfer method is essential for an organisation as large as the City. Therefore, the department has identified risk financing and risk transfer as an essential component within its operations. The department will institute a project over the next three years to review the employees risk financing mechanisms as well as introduce methods that are economical, efficient and effective.

Business Continuity Programme

The Business Continuity Management programme is aimed at ensuring operational resilience against disruption of critical business processes. The BCM policy was developed and approved by Council in 2017, hence the budgetary need to continue with the implementation of BCM programme which includes other focus areas such as validation, Business Impact Analysis, strategy and Information and Communication Technology. Moreover, the capacity of the City to effectively sustain and maintain the programme remains its biggest challenge.

Funding will also be required to train Risk Specialists on ISO 22301 standard (Business Continuity Management) within the Risk Management Department which will be introduced to embed the programme.

Operating Budget

The department will use about 85% of its total operating budget to cover its employee related costs. This will cover the expansion of the department as appointments are made in the key roles such as risk financing. Due to the nature of the work of the department which is largely advisory services, most of the financial resources are dedicated to employee pay and specialised contract projects and services (included under General Expenses). The budget requests were made on the needs known at the time of compilation of the budget. The department, from time to time, receives special and urgent assignments that may require

additional funds. Therefore, the department may require additional funds over the next financial years to deal with ad-hoc assignments.

The general expenses include planned acquisitions of management information systems (Governance Risk and Compliance tool) to support the reporting on risks and compliance area as well as vetting and disclosure of interest by employees and suppliers. Furthermore, an independent maturity assessment programme must be conducted annually to ensure continuous growth and development of the Governance Risk and Compliance within the City.

Table 81 Operating Budget of the Risk Management Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Risk Management									
EXPENDITURE									
Employee Related Costs	15,534	15,201	12,639	15,201	19,020	25.12%	95.57%	20,829	22,810
Senior Management	1,927	1,927	1,050	1,927	1,988	3.16%	9.99%	2,177	2,384
- SM - Salaries Allowances and Service Benefits	1,926	1,926	1,049	1,926	1,986	3.15%	9.98%	2,175	2,382
- SM - Social Contributions	2	2	1	2	2	6.95%	0.01%	2	2
Municipal Staff	13,606	13,274	11,589	13,274	17,032	28.31%	85.58%	18,651	20,425
- MS - Salaries Allowances and Service Benefits	11,453	11,121	10,256	11,121	15,381	38.31%	77.29%	16,844	18,446
- MS - Social Contributions	2,153	2,153	1,333	2,153	1,650	-23.35%	8.29%	1,807	1,979
Contracted Services	1,632	1,288	609	1,235	323	-74.92%	1.62%	230	143
- Outsource Services	31	115	89	85	31	-72.72%	0.16%	31	31
- Consultants and Professional Services	1,597	1,169	516	1,146	290	-75.16%	1.46%	197	110
- Contractors	4	4	4	4	1	-65.76%	0.01%	1	2
Operational Cost	569	575	377	702	381	-33.70%	1.92%	401	422
Inventory	243	938	805	758	177	-81.10%	0.89%	187	197
TOTAL EXPENDITURE	17,978	18,002	14,430	17,896	19,902	10.55%	100.00%	21,647	23,572
DEFICIT / (SURPLUS)	17,978	18,002	14,430	17,896	19,902	10.55%		21,647	23,572
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	17,978	18,002	14,430	17,896	19,902			21,647	23,572
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	17,978	18,002	14,430	17,896	19,902			21,647	23,572

2.10.25 ROADS AND STORM WATER

The result statements of the department is contained in the IDP in Annexure A.

Key Strategic Projects of the Roads and Storm Water Department:

Roads and Stormwater department is mandated to provide roads and stormwater services to the community of the Ekurhuleni Metropolitan area in a sustainable and equitable manner. The department's specific mandate is to implement and maintain roads and stormwater infrastructure in the City.

Key Strategic Projects of the Roads and Storm Water Department are as follows:

1. KEY STRATEGIC PROJECTS

Doubling of Barry Marais

This project is linked to the Aerotropolis project. The aim is to create a linkage between the Airport and the southern townships. The doubling of Barry Marais will also enhance the future phases of the IRPTN project.

Project Status

Consulting Engineers were appointed to conduct a Preliminary Design Review (PDR) on the project. The geotechnical study and traffic surveys have been completed. Draft Inception report expected by end of March 2018. Total estimated cost of project is R200m.

Kaalspruit

The aim of this project is the rehabilitation of the Kaalspruit in line with the directive received from the Department Water and Sanitation.

Project Status

Consulting engineers have been appointed on the project Concept and Viability have been finalised. Preliminary Design also finalised while the Environmental Impact Assessment (EIA) and Water Use License Application (WULA) are in progress. Meetings were held with the affected community as part of the EIA process. Submission of EIA was done on 30 August 2017 and the extension of the scope of works to include litter traps was approved. WULA can only be submitted once the title deeds are located. A meeting was also held with the Department of Water and Sanitation on 20 February 2018 to discuss Progress on Directive. The department now awaits CM's approval on extension of consultant's appointment. The total cost of the project is estimated at R 250m.

Interchange Daveyton/N12

The aim of this project is to improve the accessibility of the Daveyton to the transport network.

Project status

Consulting engineers were appointed to do a detailed design in 2017. The procurement for contractor is currently underway. It is expected that the contractor will resume work before the end of this financial year, 2017/2018. CoE and SANRAL are due to enter into a Memorandum of Agreement pertaining to the project. The project value is estimated at R120m. Community

consultative process is currently underway, especially with those who are likely to be affected by the construction of the proposed interchange.

Albertina Sisulu Express

This project is linked to the Aerotropolis. The aim is to expand the development potential of the Albertina Sisulu corridor and integrate with the developments along the airport.

Project status

Consulting engineers were appointed to do the PDR between 1st and 5th Roads. The owner agreed to register a servitude but is still awaiting confirmation in writing after which PDR and possibly the design can be finalised.

Eastleigh

The aim of this project is the rehabilitation and upgrade of the Eastleigh channel in order to deal with the increased stormwater generated in the catchment area.

Project status

Consulting engineers have been appointed. The Water Use Licence Application (WULA) has been submitted for approval. The project value is estimated at R400m.

Upgrading of Katlehong/Vosloorus Road Link (Widening Brickfields/Vlakplaats)

The main aim of the project is to alleviate traffic congestion between Katlehong and vosloorus by upgrading the road link between these two townships.

Project status

The Environmental Impact Assessment (EIA) has been approved, and the Water Use Licence Application (WULA) has been lodged with the National Department of Water and Sanitation. The PDR on the link and detail design for the intersection has been finalised.

CAPEX

In support of the Mayoral priorities, the Roads and Stormwater Department continues to put more focus towards massive infrastructure development in the Eastern Region of the City. Previous studies indicated that a huge backlog on road and stormwater construction is in this region. This massive infrastructure development entails roads and stormwater construction particularly but not limited to the previously disadvantaged areas such as Etwatwa, Daveyton, Kwa-Thema and Tsakane. So, for the 2018//2019 financial year budget, the CAPEX budget is split as indicated below:

- Eastern region: 39.02%
- Southern region: 24.44 %
- Northern region: 34.32 %
- Corporate: 2%

Since in the recent times, the country, especially the City of Ekurhuleni has experienced flash floods, the department will continue to put emphasis on the construction and upgrading of stormwater systems in areas such as Katlehong, Thokoza, Daveyton, Etwatwa, Phomolong, Edenvale.

OPEX

In the narrative below, a description of the main programme as it relates to roads & stormwater maintenance, is given

A huge backlog exists regarding the rehabilitation of roads and stormwater systems. The department manages the following:

- approximately **9 100** kilometres of tarred roads;
- approximately **1 000** kilometres of gravel roads;
- approximately **90** kilometres of block paving roads;
- approximately **1 300** kilometres of earth roads (informal roads);
- approximately **3 700** kilometres of stormwater pipes and channels;

The maintenance backlog in particular rehabilitation increases every year due to new developments but the funding is not growing in equal proportion. The department plans to do rehabilitation of roads over 330 km and this will cost approximately R540m. The bias in this regard is in the Southern region with 42% of the total rehabilitation budget allocated to that region.

Description	South	East	North	Total
Planned km roads rehabilitated 2018/2019	140 km	120 km	70 km	330.0km

Table 82 Operating Budget of the Roads and Storm Water Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Roads & Stormwater									
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies									
- Operational: Monetary	(137,090)	(176,350)	(92,025)	(142,350)	(123,600)	-29.91%	81.06%	(105,700)	(118,000)
- Capital: Monetary	(21,000)	(21,000)	(20,714)	(21,000)	(15,000)	-28.57%	9.84%	(15,000)	(15,000)
	(116,090)	(155,350)	(71,311)	(121,350)	(108,600)	-30.09%	71.22%	(90,700)	(103,000)
SUB TOTAL: NON - EXCHANGE REVENUE	(137,090)	(176,350)	(92,025)	(142,350)	(123,600)	-29.91%	81.06%	(105,700)	(118,000)
EXCHANGE REVENUE									
Rental from Fixed Assets	(2,038)	(2,038)	(523)	(1,834)	(1,727)	-15.25%	0.00%	(1,813)	(1,904)
Sales of Goods and Rendering of Services	(25,739)	(25,739)	(17,224)	(23,165)	(27,155)	5.50%	17.81%	(28,512)	(29,938)
SUB TOTAL: EXCHANGE REVENUE	(27,777)	(27,777)	(17,747)	(24,999)	(28,881)	3.98%	18.94%	(30,325)	(31,842)
TOTAL INCOME	(164,867)	(204,127)	(109,773)	(167,349)	(152,481)	-25.30%	100.00%	(136,025)	(149,842)
EXPENDITURE									
Employee Related Costs									
Senior Management	248,923	243,085	207,163	243,085	264,972	9.00%	13.65%	290,170	317,766
- SM - Salaries Allowances and Service Benefits	2,406	2,406	1,885	2,406	2,464	2.40%	0.13%	2,698	2,955
- SM - Social Contributions	2,404	2,404	1,883	2,404	2,462	2.40%	0.13%	2,696	2,952
	2	2	2	2	2	6.95%	0.00%	2	2
Municipal Staff	246,517	240,680	205,278	240,680	262,508	9.07%	13.52%	287,472	314,811
- MS - Salaries Allowances and Service Benefits	225,634	219,796	172,490	219,796	239,992	9.19%	12.36%	262,815	287,809
- MS - Social Contributions	54,293	54,293	38,050	54,293	55,926	3.01%	2.88%	61,245	67,069
- MS - Cost Capitalised to PPE	(33,410)	(33,410)	(5,261)	(33,410)	(33,410)	0.00%	-1.72%	(36,587)	(40,066)
Contracted Services	619,409	620,296	498,817	618,162	672,832	8.47%	34.65%	716,319	762,633
- Outsourcing Services	755	755	237	719	325	-57.00%	0.02%	332	339
- Consultants and Professional Services	7,184	7,184	2,264	7,041	3,391	-52.81%	0.17%	3,378	3,365
- Contractors	611,470	612,357	496,316	610,402	669,117	9.27%	34.46%	712,609	758,929
Operational Cost	16,434	18,772	11,943	15,914	13,783	-26.58%	0.71%	14,143	14,526
Inventory	43,585	35,134	30,146	41,619	35,329	0.56%	1.82%	36,638	38,033
Interest Dividends and Rent on Land	-	-	-	-	150,175	100.00%	7.73%	163,691	178,423
Depreciation and Amortisation	851,170	851,170	709,308	851,170	804,477	-5.49%	41.43%	860,791	921,046
TOTAL EXPENDITURE	1,779,521	1,768,458	1,457,377	1,769,950	1,941,568	9.79%	100.00%	2,081,751	2,232,427
DEFICIT / (SURPLUS)	1,614,655	1,564,331	1,347,605	1,602,601	1,789,087	14.37%		1,945,726	2,082,585
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	1,614,655	1,564,331	1,347,605	1,602,601	1,789,087			1,945,726	2,082,585
TOTAL RECOVERIES	(189,523)	(189,523)	(125,441)	(189,523)	(202,600)	0		(202,600)	(202,600)
TOTAL CHARGES	198,572	198,712	129,068	198,607	212,335	0		212,335	212,335
TOTAL CHARGES / RECOVERIES	9,049	9,189	3,627	9,084	9,735	0		9,735	9,735
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	1,623,703	1,573,520	1,351,231	1,611,685	1,798,821			1,955,461	2,092,320

2.10.26 SPORT, RECREATION, ARTS AND CULTURE (SRAC)

The mandate of the Sport, Recreation, Arts and Culture department addresses three national policy areas, namely;

- Provision of Sport and Recreation,
- Provision of Arts, Culture and Heritage,
- Provision of Library and Information services.

The mandate is drawn directly from Schedule 4 and 5 of the Constitution of the Republic of South Africa, 1996 which describes the functional areas of the respective spheres of government. It must be noted that Library and Information Services is an exclusive Provincial and National competency (unfunded mandate); however, the City has voluntarily invested its financial / human resources to deliver on one of its strategic objectives of building sustainable communities.

Schedule 5 Part B lists the competencies in which Local government SRAC has to perform. In response to this mandate, the departmental priorities are to ensure access, increased participation of sport, recreation arts and culture sectors, to promote nation building and social cohesion amongst the citizenry of Ekurhuleni. The department will continue to strengthen its inter-governmental relations with both national and provincial departments to effect stronger coordination and integrated service delivery.

The SRAC department consists of the following functions:

- Sport and Recreation.
- Arts, Culture and Heritage.
- Library and Information Services.
- Projects.
- Support.
- Strategy and Planning.
- Operations.
- Governance and Compliance.

CITY LEVEL AND GDS

The GDS promotes the implementation of sports, arts, recreation and culture programmes in primary and secondary schools. In pursuit of the above through the implementation of this business plan the department will consolidate and responds to the following, national outcomes,

1. Quality basic education,
2. A long and healthy life style for all,
3. Skilled and capable workforce to support and inclusive growth,
4. Transforming society and uniting the country.

These outcomes are link at the city level and GDS 2055 thematic areas which the departments accounts to two; namely

- RE-URBANISE the city to achieve sustainable urban integration through provisioning of social amenities and addressing maintenance of sport, recreation, arts, and heritage and library facilities.

- RE-MOBILISE in order to build a responsive and active citizenry through provisioning of sport and recreation development programmes, libraries reading awareness programmes, and arts, culture and heritage programmes.

The department will also embark upon the following programmes we are planning for 2018/2019, which incorporates priorities identified into the plans and programmes of the national and provincial departments of Sport and Recreation and Arts and Culture.

Key projects of the Sport, Recreation, Arts and Culture Department

NAME OF THE PROJECT	BRIEF DESCRIPTION
Community Development Games	This programme has a two-pronged approach; one being schools sport and the other a community-wide sport development programme. The school sport programme targets all schools in Ekurhuleni on two priority sporting codes - soccer and netball. The community-wide sporting programme has four sporting codes - soccer, netball, athletics and volleyball. These two programmes are aimed at identifying new talent that can represent the municipality in competitive sport codes.
Kiddies Games	An annual multi-coded sport festival for children from five to eight-years-old. The children are exposed to recreational programmes including indigenous games. This is an introduction to sport and recreation targeted at five to six-year-olds that involves day care centres and crèches throughout Ekurhuleni where children are exposed to different forms of recreation and sport with the hope that for future development they will be nurtured in their chosen sporting code/s.
September Cultural Month	September month will be a culmination of a year-long cultural competition of various art forms to be celebrated over three days in the metro. This programme would start at ward/area competitions to the six Ekurhuleni regions into a metro-wide cultural celebration at the end of September annually. Part of the programme would encourage the use of our community halls and public spaces to display art, crafts, drama and the like.
Kempton Park Cultural Precinct	As a first step towards realising an integrated spatial framework and land use for the Aerotropolis, we propose the development of Kempton Park as the cultural capital due to the fact that it serves as a compulsory conduit in and out of South Africa. Furthermore, it would allow the City of Ekurhuleni to leverage the capital infrastructure and rich political heritage and history of the location. Amongst others, Kempton Park served as the seat for negotiations for the new political dispensation i.e. the CODESA deliberations that became the foundation for the new democracy. This provides for the possibility of the development of political tourism and exporting the South African story.
Elites arts and sports events	To bid and host annually two major sporting and cultural events in the municipality.
Holiday Programmes Greater participation of children in library programmes and services at all libraries	The programmes offer information and recreation activities to children and the youth at libraries during school holidays. The activities include, amongst others, career guidance, drafting of a CV, puppet shows, creating emails, video shows, storytelling, colouring, painting, and making Christmas cards, computer games and book bash literature festivals.

NAME OF THE PROJECT	BRIEF DESCRIPTION
Fit for Free Aerobics	The Fit for Free Aerobics programme is a flagship programme for Sport, Recreation, Arts and Culture which promotes healthy lifestyle. The programme started from the 2014/2015 Financial Year and it has proven to be very popular amongst the young and the old in our communities. During its inception, the programme was only offered for the communities of Katlehong, Vosloorus, Tembisa, Daveyton, Kwa Thema and Tsakane but due to its popularity, the programme has spread to other areas including, Etwatwa, Zonkizizwe, Buhle Park, Leondale, Reiger Park and Wattville.

Operating Budget of the Sport, Recreation, Arts and Culture Department

The department has been tasked to do the following:

- Improve the condition of the facilities by working with the Real Estate Department to prioritise maintenance works.
- Analyse trends and transactions to identify the reasons for the decline in revenue.
- Ensure equitable access to SRAC facilities by all communities in Ekurhuleni
- Promote and preserve the City's Cultural Heritage
- Promote social cohesion
- Promote a healthy and quality lifestyle through mass participation recreation programmes

Table 83 Operating Budget of the Sport, Recreation, Arts and Culture Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Sports, Recreation, Arts & Culture (SRAC)									
INCOME									
NON - EXCHANGE REVENUE									
Fines, Penalties and Forfeits	(413)	(413)		(47)	(413)	0.00%	1.80%	(434)	(456)
Transfers and Subsidies	(13,800)	(14,483)	(4,387)	(14,483)	(13,700)	-5.40%	59.84%	(14,500)	(15,000)
- Operational: Monetary	(4,800)	(5,393)	(3,861)	(5,393)	(5,000)	-7.28%	21.84%	(5,500)	(6,000)
- Capital: Monetary	(9,000)	(9,090)	(526)	(9,090)	(8,700)	-4.29%	38.00%	(9,000)	(9,000)
SUB TOTAL: NON - EXCHANGE REVENUE	(14,213)	(14,896)	(4,457)	(14,530)	(14,113)	-5.25%	61.64%	(14,934)	(15,456)
EXCHANGE REVENUE									
Rental from Fixed Assets	(7,672)	(7,672)	(4,633)	(6,905)	(7,672)	0.00%	33.51%	(8,056)	(8,458)
Sales of Goods and Rendering of Services	(1,111)	(1,111)	(779)	(1,000)	(1,111)	0.00%	4.85%	(1,167)	(1,225)
SUB TOTAL: EXCHANGE REVENUE	(8,783)	(8,783)	(5,412)	(7,905)	(8,783)	0.00%	38.36%	(9,222)	(9,683)
TOTAL INCOME	(22,996)	(23,679)	(9,870)	(22,435)	(22,896)	-3.31%	100.00%	(24,156)	(25,139)
EXPENDITURE									
Employee Related Costs	445,927	424,242	356,503	424,242	473,336	11.57%	69.76%	518,350	567,646
Senior Management	2,201	2,201	1,752	2,201	2,103	-4.45%	0.31%	2,303	2,522
- SM - Salaries Allowances and Service Benefits	2,199	2,199	1,751	2,199	2,101	-4.46%	0.31%	2,301	2,519
- SM - Social Contributions	2	2	2	2	2	6.95%	0.00%	2	2
Municipal Staff	443,726	422,041	354,750	422,041	471,233	11.66%	69.45%	516,048	565,124
- MS - Salaries Allowances and Service Benefits	360,642	338,958	287,800	338,958	381,463	12.54%	56.22%	417,740	457,467
- MS - Social Contributions	89,097	89,097	67,201	89,097	95,784	7.50%	14.12%	104,893	114,869
- MS - Cost Capitalised to PPE	(6,014)	(6,014)	(250)	(6,014)	(6,014)	0.00%	-0.89%	(6,586)	(7,212)
Contracted Services	23,816	21,795	14,629	21,667	51,508	136.33%	7.59%	54,680	57,591
- Outsourcing Services	961	966	499	936	5,701	490.30%	0.84%	6,012	6,340
- Consultants and Professional Services	5,239	5,189	3,096	5,101	1,178	-77.31%	0.17%	1,141	638
- Contractors	17,616	15,640	11,034	15,629	44,630	185.35%	6.58%	47,527	50,613
Operational Cost	16,532	18,801	12,722	17,458	14,783	-21.37%	2.18%	15,299	15,850
Inventory	59,334	61,069	43,363	59,688	35,255	-42.27%	5.20%	37,690	40,261
Operating Leases	274	274	192	260	235	-14.29%	0.03%	258	284
Depreciation and Amortisation	109,458	109,458	91,215	109,458	103,453	-5.49%	15.25%	110,695	118,444
TOTAL EXPENDITURE	655,340	635,639	518,624	632,773	678,569	6.75%	100.00%	736,972	800,075
DEFICIT / (SURPLUS)	632,344	611,960	508,755	610,339	655,673	7.14%		712,816	774,936
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	632,344	611,960	508,755	610,339	655,673			712,816	774,936
TOTAL CHARGES	23,816	25,112	23,907	24,653	26,318	0		26,318	26,318
TOTAL CHARGES / RECOVERIES	23,816	25,112	23,907	24,653	26,318	0		26,318	26,318
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	656,160	637,073	532,661	634,992	681,991			739,134	801,254

2.10.27 STRATEGY & CORPORATE PLANNING

The result statements of the department is contained in the IDP in Annexure A

Mandate of the Strategy and Corporate Planning Department

The mandate of the Strategy and Corporate Planning Department (SCP) is to provide strategic direction and ensure effective and uniform strategic planning, monitoring and evaluation and research systems for City of Ekurhuleni. The department's core area of delivery includes strategic planning and support to all the departments of the Municipality; monitoring and evaluation and reporting for the entire Metro. Moreover, the department focuses on some of the research matters of the Metro, making available and intelligence to enhance decision making and planning across the Metro. The Strategy and Corporate Planning Department has been organised into functional areas that best allow it to meet its core business requirements. Its role is critical in ensuring that the integrated development plan is in line with the 2055 vision of GDS.

Table 84 Operating Budget of the Strategy & Corporate Planning Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
Strategy & Corporate Planning									
EXPENDITURE									
Employee Related Costs	27,803	27,510	17,402	27,510	27,025	-1.76%	89.46%	29,595	32,410
Senior Management	2,201	2,201	1,752	2,201	2,123	-3.55%	7.03%	2,325	2,546
- SM - Salaries Allowances and Service Benefits	2,199	2,199	1,573	2,199	1,931	-12.18%	6.39%	2,115	2,316
- SM - Social Contributions	2	2	179	2	192	10066.53%	0.63%	210	230
Municipal Staff	25,602	25,310	15,649	25,310	24,903	-1.61%	82.43%	27,271	29,864
- MS - Salaries Allowances and Service Benefits	21,112	20,819	13,349	20,819	21,313	2.37%	70.55%	23,340	25,559
- MS - Social Contributions	4,490	4,490	2,300	4,490	3,590	-20.05%	11.88%	3,931	4,305
Contracted Services	6,215	4,523	489	5,224	642	-65.81%	2.13%	483	334
- Outsourcing Services	5,293	2,354	127	3,685	125	-94.88%	0.41%	131	138
- Consultants and Professional Services	921	2,169	362	1,559	517	-76.18%	1.71%	351	196
- Contractors	1	1	-	-	0	-66.10%	0.00%	0	0
Operational Cost	1,018	1,110	483	938	665	-40.09%	2.20%	695	727
Inventory	1,137	2,563	1,994	1,875	562	-78.08%	1.86%	593	627
Operating Leases	754	894	732	889	766	-14.32%	2.54%	843	927
Depreciation and Amortisation	582	582	435	582	550	-5.49%	1.82%	589	630
TOTAL EXPENDITURE	37,509	37,183	21,534	37,019	30,211	-18.75%	100.00%	32,798	35,656
DEFICIT / (SURPLUS)	37,509	37,183	21,534	37,019	30,211	-18.75%		32,798	35,656
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	37,509	37,183	21,534	37,019	30,211			32,798	35,656
TOTAL CHARGES	107	107	13	107	115	0		115	115
TOTAL CHARGES / RECOVERIES	107	107	13	107	115	0		115	115
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	37,616	37,290	21,548	37,127	30,325			32,913	35,770

2.10.28 TRANSPORT PLANNING AND PROVISION

The result statements of the department is contained in the IDP in Annexure A.

Flagship Projects as pronounced by the Executive Mayor

Integrated Rapid Public Transport Network (IRPTN)

The Department of Transport Planning and Provision is responsible for the Integrated Rapid Transit Network (IRPTN). This project emanated from the Public Transport Action Strategy and Action Plan which was adopted by the National Cabinet in 2007. The strategy is aimed at accelerated modal upgrading and Integrated Public Transport Networks.

Ekurhuleni is one of the 12 metros in the country identified to implement an IRPTN. The department has been allocated a budget of R2.1 billion over the 2018/19 MTREF from the Public Transport Network Grant (PTNG) as well as R6.2 billion over the 2016/17 MTREF from the Urban Settlement Development Grant (USDG).

Progress to date on the IRPTN can be summarised as follows:

- I. The first Harambee bus “took to the streets” on the 18th of October 2017. Eight buses are operational. They each have a capacity to ferry 36 seated passengers and 54 standing passengers at R13 per single trip from Rabasotho in Tembisa to Isando and vice versa. This, however, is a limited service, as only parts of Phase 1A of the project is being operationalised. We are currently operating on a route of about 39km. IRPTN Operational Plan: This plan was approved by the National Department of Transport in December 2012 and as such the business plan that has been developed is based on the approved Business Plan.
- II. Dedicated Bus ways (BRT Trunk Route) - Construction of the trunk route commenced in August 2014 on Andrew Mapheto Drive (Between Transformation Drive in Phomolong and Chloorkop/Allandale Rd) and on Zuurfontein Road (Between Chloorkop/Allandale Rd and Orangerivier Rd). To date 10kms of the dedicated bus-ways have been constructed.
- III. Non-Motorised Transport (NMT) - Promoting diversified public transport alternatives which is demonstrated by the construction of alternative transport infrastructure in the form of non-motorised transport infrastructure is one of the commendable performance areas over the period under review. Pedestrian and cyclist paths are constructed alongside the identified routes to allow ease of movement for pedestrians and cyclists. The existence of such paths improves safety on busy routes, therefore reducing the occurrence of accidents on our roads. The City has completed 43,3km of NMT infrastructure.
- IV. Bus ways - The City that identified routes where bus ways are being constructed or modified to ease the flow of traffic by creating lanes dedicated to use by buses, therefore easing traffic congestion, allowing passengers to reach chosen destinations including places of work more efficiently, within desired timeframes and at a reasonable cost. Year to date, the City has completed 11,03km of busways.
- V. BRT Stations - A total of 13 stations are planned along the trunk route. These were planned on the basis of demand numbers; space and road alignment. All stations are located within the median of the road where dedicated bus-lanes can be accommodated. At these stations, key functions involving money handling and customer-interfacing activities will be performed. Site was handed on the 1st August 2017. Construction programme submitted with a completion date of end July 2018, though very slow progress registered on site. Letters issued to contractor for poor

performance. Termination letter has been issued. The process for appointment of new Contractor/s underway.

- VI. Street lighting - The upgrading of street lighting along the BRT route is practically completed. The city is at 98% progress on snags. Testing and commissioning is currently underway. Full completion anticipated to be by the end of March 2018.
- VII. Pedestrian bridges - Work is currently underway for the construction of pedestrian bridges at the following stations:
- Station 11- Andrew Mapheto/Benjamin Nthlane (x2)
 - Station 12 – Andrew Mapheto/Dan Nkabinde
 - Station 14 – Andrew Mapheto/Transformation
 - Station 19 – Zuurfontein/Ossewa
 - Station 20 – Zuurfontein/Oranjerivier
 - Station P2 – Pretoria Rd/Central Ave
 - Zuurfontein/Bergrivier
- Erection of columns at 12 & 14 complete, shutters for staircases in progress, lift towers have been installed. Construction is steadily in progress, completion is anticipated to be in June 2018.
- VIII. Laybys - Work is progressing well for the laybys: for loading and off-loading passengers along Tembisa and Isando. The city had constructed 51 laybys since the inception of the project.
- IX. Harambee Bus Depot - Leralla Interim Depot - construction of temporary parking area & access road. Practical Completion certificate issued. The scope includes completion of the works at the temporary depot including storm water & fencing.

Other Departmental Programmes

- X. Public Transport Facilities - In our endeavour to provide access to public transport in Ekurhuleni, the city has launched Phuthaditshaba public transport facility on 13 October 2017. This is in addition to the following taxi ranks that were completed:
- Leralla Taxi Rank in Tembisa;
 - Daveyton Station Rank in Daveyton,
 - Ramaphosa Taxi Rank in Reiger Park and
 - Palm Ridge Taxi Rank in Palmridge.

We are in the process of completing the construction of New Vosloorus and Bluegumview Public Transport Facilities, popularly known as a “taxi ranks”.

PROJECT NAME	PROJECT DESCRIPTION
Extension of Harambee BRT service	This projects is about the extension of Harambee services to other areas of Tembisa
Planning and implementation of next phases of the Integrated Rapid Public Transport Network.	The project entails the extension of a Bus Rapid Transit System that will be integrated with other Public Transport Modes in Ekurhuleni from Tembisa to other areas. This talks about next phases of the IRPTN.
Non-motorised Transport infrastructure	Promoting diversified public transport alternatives which is demonstrated by the construction of alternative transport infrastructure in the form of non-motorised transport infrastructure.

PROJECT NAME	PROJECT DESCRIPTION
	Pedestrian and cyclist paths are constructed alongside the identified routes to allow ease of movement for pedestrians and cyclists. The existence of such paths improves safety on busy routes, therefore reducing the occurrence of accidents on our roads.
BRT Stations	We will be completing the work that has already started with regard to the building of BRT Stations.
Construction of public transport facilities viz. Windmill and Katlegong public transport facilities.	The City will be busy with the construction of Windmill and Katlegong public transport facilities in 2018/19.

Operating Budget of the Transport Department

The Transport Department is responsible for the transport planning and public transport function. The City has approved the Comprehensive Integrated Public Transport Plan that guides the development of transportation and spatial planning in the City.

Table 85 Operating Budget of the Transport Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Transport									
INCOME									
NON - EXCHANGE REVENUE									
Licenses and Permits	(319,873)	(319,873)	(241,773)	(488,557)	(338,745)	5.90%	29.50%	(359,069)	(380,614)
Transfers and Subsidies	(700,718)	(700,718)	(259,531)	(700,718)	(694,640)	-0.87%	60.50%	(679,152)	(716,506)
- Operational: Monetary	(40,000)	(120,000)	(30,526)	(120,000)	(216,592)	80.49%	18.86%	(233,631)	(244,790)
- Capital: Monetary	(660,718)	(580,718)	(229,005)	(580,718)	(478,048)	-17.68%	41.64%	(445,521)	(471,716)
SUB TOTAL: NON - EXCHANGE REVENUE	(1,020,591)	(1,020,591)	(501,303)	(1,189,275)	(1,033,385)	1.25%	90.00%	(1,038,221)	(1,097,120)
EXCHANGE REVENUE									
Operational Revenue	(94)	(94)	(126)	(94)	(99)	5.90%	0.01%	(104)	(110)
Sales of Goods and Rendering of Services	(61,618)	(61,618)	(16,615)	(55,456)	(114,666)	86.09%	9.99%	(120,399)	(126,419)
SUB TOTAL: EXCHANGE REVENUE	(61,711)	(61,711)	(16,741)	(55,550)	(114,766)	85.97%	10.00%	(120,504)	(126,529)
TOTAL INCOME	(1,082,303)	(1,082,303)	(518,044)	(1,244,824)	(1,148,150)	6.08%	100.00%	(1,158,725)	(1,223,649)
EXPENDITURE									
Employee Related Costs	344,159	323,264	246,750	323,264	335,713	3.85%	42.69%	367,639	402,601
Senior Management	2,201	2,201	1,752	2,201	2,109	-4.16%	0.27%	2,310	2,530
- SM- Salaries Allowances and Service Benefits	2,199	2,199	1,751	2,199	2,107	-4.17%	0.27%	2,308	2,527
- SM- Social Contributions	2	2	1	2	2	6.95%	0.00%	2	2
Municipal Staff	341,958	321,064	244,998	321,064	333,603	3.91%	42.42%	365,329	400,072
- MS - Salaries Allowances and Service Benefits	280,183	259,288	199,797	259,288	276,770	6.74%	35.20%	303,091	331,915
- MS - Social Contributions	71,400	71,400	45,563	71,400	66,457	-6.92%	8.45%	72,777	79,698
- MS - Cost Capitalised to PPE	(9,624)	(9,624)	(362)	(9,624)	(9,624)	0.00%	-1.22%	(10,540)	(11,542)
Contracted Services	142,913	222,434	83,748	221,397	297,197	33.61%	37.79%	319,198	335,656
- Outsourcing Services	24,116	23,989	15,263	24,137	17,882	-26.29%	2.25%	18,632	19,649
- Consultants and Professional Services	11,000	6,821	—	6,932	6,278	-7.95%	0.80%	6,278	6,278
- Contractors	107,796	191,624	68,485	190,328	273,237	42.59%	34.75%	294,287	309,728
Operational Cost	40,758	38,558	25,974	37,133	35,238	-8.85%	4.48%	35,668	36,126
Inventory	43,179	37,012	25,417	42,481	38,732	4.65%	4.93%	41,031	43,504
Interest Dividends and Rent on Land	—	—	—	—	36,126	100.00%	4.59%	39,377	42,921
Operating Leases	365	365	—	365	365	0.00%	0.05%	365	365
Transfers and Subsidies	—	—	—	—	43,010	100.00%	5.47%	—	—
- Operational: Monetary	—	—	—	—	43,010	100.00%	5.47%	—	—
TOTAL EXPENDITURE	571,375	621,733	381,889	624,640	786,381	26.48%	100.00%	803,278	861,173
DEFICIT / (SURPLUS)	(510,928)	(460,570)	(136,155)	(620,184)	(361,769)	-21.45%		(355,447)	(362,475)
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(510,928)	(460,570)	(136,155)	(620,184)	(361,769)			(355,447)	(362,475)
TOTAL CHARGES	7,887	8,369	3,129	8,324	8,500	0		8,500	8,500
TOTAL CHARGES / RECOVERIES	7,887	8,369	3,129	8,324	8,500	0		8,500	8,500
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(503,041)	(452,201)	(133,025)	(611,860)	(353,270)			(346,947)	(353,976)

2.10.29 BUDGET FOR BRAKPAN BUS COMPANY (BBC)

CHALLENGES

The current pilferage rate has prompted the company to see the need to drive for pre paying customers, so as to improve the collection of revenue and minimise the time and money spent on disciplinary matters.

The company concedes that buses have been underutilised during off peak hours and the vigorous marketing of the busses, by the employed Sales and Marketing Officer is embarked upon and thus maximise their use, for example, on special hire trips and contracting with corporate. The company has also seen the need to embark on advertising and branding on the buses to generate extra revenue. The survey on customer satisfaction is under way, this will assist to improve on the company's customer service, by identifying gaps given the survey results.

Internally on the employee's side, implementation of the South African Road Passenger Bargaining Council agreement comprehensively will assist in improving the morale by offering basic benefits, for example, implement the housing and medical aid subsidy. Also by encouraging and incentivising driver's good conduct especially to commuters.

KEY PRIORITIES

In order to improve on the competitiveness of the company, and improve on income generated, the company will be embarking on the following priority projects:

- Increasing the number of pre-paying customers (compared to cash paying customers);
- Conducting customer satisfaction surveys, to identify areas requiring improvement;
- Improve on governance and risk management systems and controls, in order to optimise effectiveness and efficiencies;
- Marketing of Brakpan Bus Company services, and maximise the use of buses on special hire trips;
- Service Level Agreement with the workshop to be renegotiated to improve the turn-around time;
- A tender to be issued for diesel supply to ensure agility when diesel is unavailable from City of Ekurhuleni sources;
- Improving staff morale

Table 86 Budget of the Brakpan Bus Company

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
BBC TOTAL									
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies	(21,678)	(21,678)	(9,552)	(21,678)	(20,241)	-6.63%	46.74%	(28,568)	(30,282)
- Operational: Allocations in Kind	(7,300)	(7,300)	-	(7,300)	-	-100.00%	0.00%	(4,993)	(5,292)
- Operational: Monetary	(14,378)	(14,378)	(9,552)	(14,378)	(20,241)	40.78%	46.74%	(23,575)	(24,990)
SUB TOTAL: NON - EXCHANGE REVENUE	(21,678)	(21,678)	(9,552)	(21,678)	(20,241)	-6.63%	46.74%	(28,568)	(30,282)
EXCHANGE REVENUE									
Interest, Dividends and Rent on Land	(200)	(200)	(601)	(200)	(400)	100.00%	0.92%	(212)	(225)
Operational Revenue	-	-	(10)	-	-	0.00%	0.00%	-	-
Sales of Goods and Rendering of Services	(25,029)	(25,029)	(8,982)	(25,029)	(22,667)	-9.44%	52.34%	(26,618)	(28,215)
SUB TOTAL: EXCHANGE REVENUE	(25,229)	(25,229)	(9,592)	(25,229)	(23,067)	-8.57%	53.26%	(26,830)	(28,440)
TOTAL INCOME	(46,907)	(46,907)	(19,145)	(46,907)	(43,308)	-7.67%	100.00%	(55,398)	(58,722)
EXPENDITURE									
Employee Related Costs	18,742	18,742	14,901	18,742	21,357	13.95%	49.34%	27,573	29,719
Senior Management	4,553	4,553	3,496	4,553	5,575	22.46%	12.88%	5,910	6,264
- SM - Salaries Allowances & Service Benefits	4,171	4,171	3,262	4,171	4,961	18.92%	11.46%	5,258	5,574
- SM - Social Contributions	382	382	233	382	615	61.09%	1.42%	651	691
Municipal Staff	14,189	14,189	11,406	14,189	15,782	11.23%	36.46%	21,663	23,454
- MS - Salaries Allowances & Service Benefits	12,178	12,178	9,843	12,178	13,638	11.99%	31.51%	19,391	21,046
- MS - Social Contributions	2,011	2,011	1,563	2,011	2,144	6.59%	4.95%	2,272	2,409
Remuneration of Board Members	3,336	3,336	1,705	3,336	2,000	-40.05%	4.62%	2,350	2,491
Contracted Services	1,337	1,337	429	1,337	1,457	8.96%	3.37%	1,502	1,592
- Outsource Services	304	304	57	304	322	6.00%	0.74%	341	362
- Consultants and Professional Services	33	33	31	33	35	6.00%	0.08%	37	39
- Contractors	1,000	1,000	340	1,000	1,100	9.95%	2.54%	1,124	1,192
Operational Cost	11,862	11,880	6,444	11,862	10,214	-14.03%	23.60%	12,003	12,723
Inventory	8,063	8,063	4,623	8,063	5,231	-35.12%	12.09%	6,685	7,086
Operating Leases	611	611	221	611	646	5.68%	1.49%	687	728
Depreciation and Amortisation	2,891	2,891	2,271	2,891	2,379	-17.74%	5.50%	3,101	3,174
TOTAL EXPENDITURE	46,842	46,860	30,594	46,842	43,283	-7.63%	100.00%	53,901	57,513
DEFICIT / (SURPLUS)	(65)	(47)	11,454	(65)	(25)	-47.47%		(1,497)	(1,209)
DISP OF FIXED AND INTANGIBLE ASSETS	-	-	5	-	-	0.00%		-	-
TOTAL GAINS AND LOSSES	-	-	5	-	-			-	-
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(65)	(47)	11,454	(65)	(25)			(1,497)	(1,209)
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(65)	(47)	11,454	(65)	(25)			(1,497)	(1,209)

2.10.30 WASTE MANAGEMENT DEPARTMENT

The result statements of the department is contained in the IDP in Annexure A.

The department is structured around the waste management hierarchy, which is the overall approach that informs waste management in South Africa. The department in its line of priorities has prioritized waste avoidance and reduction, re-use and recycling, treatment and disposal as the last resort. The core functions of the department is centred around the collection, transportation, processing and disposing of municipal and private sector solid waste, recyclables and organics. Waste Management Services Department services 689 477 formal households and 119 informal households in the City of Ekurhuleni. The services rendered include residential waste collection (formal and informal settlements), business waste collection, street sweeping, litter picking, clearing illegal dumping, waste transfer and disposal services as well as provision of public off-loading facilities. Waste Management Services Department is labour intensive with a staff compliment over 1600 while some of the services have been outsourced to serve the communities better. The department contributes to the Growth and Development Strategy through ensuring that environmental resources are protected from harm by ensuring that no waste is disposed of in non-designated areas. The department seeks to address the following goals through its programmes and projects in line with the strategic object of the National Waste Management Strategy:

- Promotion of waste minimization
- Ensuring effective and efficient delivery of waste services
- Growing the contribution to the green economy
- Creating environmental awareness
- Establishing effective compliance and enforcement of the Waste Act

Managing waste in a sustainable and self-sufficient way will be one of the key challenges for Ekurhuleni and one in which every stakeholder in the city has a role to play. Economic development activities, a growing population and increasing rates of industrialization and urbanization have resulted in increased volumes of waste generation that puts pressure on waste management facilities especially in the metropolitan areas. The increased volumes and complexity of the waste stream directly affects the complexity of its management, which requires establishing and implementing effective waste management policies and programmes.

2.1. DEPARTMENTAL STRATEGIC FOCUS AREAS FOR THE 2016-2021 TERM

2.1.1. Business process reengineering

The department continues to embark on a Business Process Re-engineering (BPR) to ensure that the management of the department introspectively analyses and redesigns key operations within the department in order to achieve improvements in critical operations, reduce costs, stabilize, standardize and modernize service delivery operations. In this regard, the department undertook multiple assignments to rationalize its key operations aimed at bringing not only efficiencies but also cost saving measures through:

- Introduction of a fixed collection calendar system
- Development contractor model
- Creation of a new organizational structure with defined and refined responsibilities.
- All residents of Ekurhuleni now have access to a minimum service level of once a week
- Crafting and reviewing key strategic and operational plans Standardization of services through Standard Operational Procedures and interdepartmental Service Level Agreements.
- Introduction of night shift in all CBDs and townships
- Provision of bulk walk-in containers
- Initiating a facility, infrastructure and equipment audit and subsequent purchase of new facilities, infrastructures and equipment.
- Upgrading, refurbishing and installing a progressive maintenance programme for existing all facilities, infrastructures and equipment.

2.1.2. Developmental contract model

As part of the contribution towards the revitalization of the township economy, the department appointed Development Contractors to render comprehensive refuse removal services and through the Community Based Contractors. This economic intervention will create 54 new entrepreneurs within the waste sector township economy with 756 sustainable jobs created over a period of five years. Furthermore, the department will employ community based Cooperatives to render basic waste management services in the informal settlements. Plans are afoot to appoint six Development Contractors and 36 Community Based Contractor, 11 Recycling Cooperatives and 17 local cooperatives to clean townships and informal human settlements.

2.1.3. Waste collection and containerization program

The use of plastic bags created an additional burden of pollution for the municipality and the collection process for these bags resulted in delays in waste collection as workers needed to pick individual bags up one at a time. To date more than 70% of

the total households have been reached through the roll-out of the 240-liter wheelie bins including the newly built RDP and informal settlements. During 2016/17 financial year a target of 88 000 bins was set as part of the five-year target of reaching 264 000 households. Bins that are being rolled out are fitted with an RFID chip. This would enable the department to track mobility of the bins to minimize loss further it will provide valuable digital real time data on service points and areas receiving our services.

2.1.4. Mayoral clean city program

It is two years since the City of Ekurhuleni launched the Clean City Programme, with the objective of getting important stakeholders together to take charge of the spaces in which they live, play and work. Just to ponder on a few highlights since this programme was established, the launch took place in Tsakane on the 24th October 2015 with a huge clean-up operation in Tsakane. Communities got on board and helped the team clean up. This programme has seen more than 3000 brigades being contractually engaged for a period of twelve months. These participants were deployed in the 112 wards across the city responsible for public cleansing and raising environmental awareness amongst communities. Municipality saw that the issue of the cleanliness needed to be addressed with severe urgency. The inception of the Clean City campaign was motivated to do a call to action for the people of Ekurhuleni to take care of their City.

The effects of littering and illegal dumping, poor waste management practices take away the economic potential of the city. After a successful implementation of the programme during the previous financial year, clean city programme will be reintroduced in 2017/18 financial year with a new approach. The new approach involves deployment of brigades to specific location to which they are total responsible for cleaning daily. This programme is one of the mayoral priorities and a strategic intervention aimed at creating environmental awareness and building the capacity of local residents to clean their own spaces. The Mayoral Clean City Program will officially commence during the first quarter of the next financial year and would run for a period of five years ending in 2021. The programme will provide short-term employment for 2372 brigades that would be deployed across all 112 wards of the city for a period of 12 months a time for each group in the next four years. An implementing agent will be appointed to facilitate recruitment and capacitation of communities to participate effectively in this programme. Each year there shall be an intake of 20 brigades per ward, 1 supervisor per ward and 20 overseers per customer care area. The successful implementation of this programme has enormously contributed to the City being recognized and conferred a status of the greenest municipality in the country for 2016 national Green Municipality Competition.

2.1.5. Climate change imperatives and interventions

In terms of developing green economy and renewable energy, the department has been harvesting landfill gases and using part of it to produce and feed the Eskom network grid with 1 megawatt of electricity at Simmer and Jack landfill site in Germiston. There are plans to roll-it out to other landfill sites where gases harvesting

and flaring is currently operational, this will be implemented in partnerships with Energy Department. In terms of Alternate Waste Disposal Technologies, the municipality is currently conducting a feasibility study of Alternative Waste Treatment Technologies project to implement within CoE. The project is funded by The Gauteng Infrastructure Financing Agency (“GIFA”). The Project is in line with the waste management goals set in the City’s Integrated Development Plan. Plans for expansion through strategic partnerships are being explored.

Table 87 Operating Budget of the Waste Management Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Waste Management									
INCOME									
NON - EXCHANGE REVENUE									
Transfers and Subsidies	(512,697)	(512,697)	(506,358)	(512,697)	(559,081)	9.05%	28.72%	(611,595)	(671,340)
- Operational: Monetary	(506,697)	(506,697)	(506,358)	(506,697)	(554,081)	9.35%	28.47%	(609,595)	(671,340)
- Capital: Monetary	(6,000)	(6,000)	-	(6,000)	(5,000)	-16.67%	0.26%	(2,000)	-
SUB TOTAL: NON - EXCHANGE REVENUE	(512,697)	(512,697)	(506,358)	(512,697)	(559,081)	9.05%	28.72%	(611,595)	(671,340)
EXCHANGE REVENUE									
Service Charges	(1,278,109)	(1,278,109)	(992,500)	(1,265,328)	(1,337,202)	4.62%	68.70%	(1,450,864)	(1,574,187)
Interest, Dividends and Rent on Land	(65,805)	(65,805)	(30,321)	(62,515)	(50,000)	-24.02%	2.57%	(52,500)	(55,125)
Sales of Goods and Rendering of Services	(3)	(3)	(33)	(3)	(145)	4722.93%	0.01%	(152)	(180)
SUB TOTAL: EXCHANGE REVENUE	(1,343,917)	(1,343,917)	(1,022,854)	(1,327,846)	(1,387,347)	3.23%	71.28%	(1,503,516)	(1,629,472)
TOTAL INCOME	(1,856,614)	(1,856,614)	(1,529,212)	(1,840,542)	(1,946,427)	4.84%	100.00%	(2,115,111)	(2,300,812)
EXPENDITURE									
Employee Related Costs	407,841	355,835	375,426	355,835	395,605	11.18%	33.91%	433,228	474,427
Senior Management	2,181	2,181	67	2,181	1,976	-9.43%	0.17%	2,164	2,369
- SM- Salaries Allowances and Service Benefits	2,180	2,180	67	2,180	1,974	-9.44%	0.17%	2,162	2,367
- SM- Social Contributions	2	2	-	2	2	2.25%	0.00%	2	2
Municipal Staff	405,660	353,654	375,359	353,654	393,630	11.30%	33.74%	431,064	472,058
- MS - Salaries Allowances and Service Benefits	346,200	294,194	319,083	294,194	329,181	11.89%	28.22%	360,486	394,769
- MS - Social Contributions	75,931	75,931	56,745	75,931	80,919	6.57%	6.94%	88,615	97,042
- MS - Cost Capitalised to PPE	(16,471)	(16,471)	(469)	(16,471)	(16,471)	0.00%	-1.41%	(18,037)	(19,752)
Contracted Services	430,071	422,417	295,504	402,345	421,715	-0.17%	36.15%	441,953	463,557
- Outsource Services	406,830	403,126	288,128	379,727	409,938	1.69%	35.14%	431,503	454,300
- Consultants and Professional Services	16,959	15,761	5,197	16,498	5,437	-65.50%	0.47%	3,697	2,066
- Contractors	6,281	3,531	2,179	6,121	6,340	79.56%	0.54%	6,752	7,191
Operational Cost	49,008	49,044	38,009	48,101	41,229	-15.93%	3.53%	41,778	42,364
Inventory	156,341	145,799	101,020	151,767	152,964	4.91%	13.11%	162,395	172,460
Interest Dividends and Rent on Land	91,477	61,702	41,148	61,702	68,368	10.80%	5.86%	80,076	80,037
Operating Leases	3,184	2,578	521	3,129	5,110	98.23%	0.44%	5,622	6,184
Contribution for Bad Debt	90,416	90,416	75,347	90,416	40,226	-55.51%	3.45%	43,444	46,919
Depreciation and Amortisation	43,832	43,832	36,526	43,832	41,427	-5.49%	3.55%	44,327	47,430
TOTAL EXPENDITURE	1,272,169	1,171,622	963,501	1,157,126	1,166,645	-0.42%	100.00%	1,252,822	1,333,379
DEFICIT / (SURPLUS)	(584,445)	(684,992)	(565,711)	(683,416)	(779,782)	13.84%		(862,288)	(967,433)
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(584,445)	(684,992)	(565,711)	(683,416)	(779,782)			(862,288)	(967,433)
TOTAL RECOVERIES	(183,933)	(183,933)	(191,162)	(183,933)	(197,728)	0		(197,728)	(197,728)
TOTAL CHARGES	316,261	322,289	189,714	316,278	339,173	0		339,173	339,173
TOTAL CHARGES / RECOVERIES	132,329	138,356	(1,448)	132,346	141,445	0		141,445	141,445
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(452,116)	(546,635)	(567,159)	(551,070)	(638,336)			(720,843)	(825,968)

2.10.31 WATER AND SANITATION

The result statements of the department is contained in the IDP in Annexure A.

Key Strategic Projects of the Water and Sanitation Department

PROJECT NAME	PROJECT DESCRIPTION
WATER LOSS ERADICATION PROGRAMME.	
Percentage of non-revenue water	<p>Through the below mentioned interventions the Department intends to reduce the Non-Revenue Water percentage to 33.30%. Continuous efforts and strategies are being undertaken to ensure that the fluctuation of water loss is kept under the relevant required percentage.</p> <p>There are various projects within this programme, some of which are listed below:</p> <ol style="list-style-type: none"> 1) Pipe replacement programme. 2) Metering of unmetered properties. 3) Domestic leak repairs and meter replacement in the Tsakane area. 4) Bulk metering audit and consolidation for top consumers. 5) Replacement of aged water meters
INVESTMENT IN WATER INFRASTRUCTURE TO ENSURE SECURITY OF SUPPLY	
Increased Water Storage Capacity	<p>For the financial year 2018/19 the Water and Sanitation Department plans to ensure the Construction of Additional Water Reservoirs Capacity & Waste Water Treatment Works Additional Capacity of 50ml.</p> <p>The Water & Sanitation has commenced with the planning of the Aqua Leap Programme. A total of 28 multi disciplinary consultants have been appointed and 9 programme managers. Various IPWs have been issued with the first tranche of projects expected to roll out during the 2018.19 FY. The outputs of the programme are as follows:</p> <ul style="list-style-type: none"> • Construction of 20 pump stations & decommissioning of 50 redundant pump stations (planning in progress) • Metering 40,000 properties (in progress) • 200ML WWTW upgrading (consultants assigned)
Drilling boreholes Borehole Equipping & connection to existing network	<p>In order to facilitate the provision of additional water source, the Water and Sanitation department intend drilling a total of fifty (50) boreholes and also ensuring that these are equipped and connected to the existing water networks.</p>

PROJECT NAME	PROJECT DESCRIPTION
Immediate refurbishment of water network	<p>The Water & Sanitation Department has identified R1.5 billion worth of projects to improve and ensure security of water supply under the R7 billion water & Sanitation infrastructure upgrade. Some of the reservoir projects and associated pipelines already underway include :</p> <ul style="list-style-type: none"> • Northmead Tower (5MI) – Under construction • Kempton Park Reservoir (23MI) – Under construction • Tembisa Tower (5MI) Under procurement • Zulu Xhosa Reservoir (18MI) Under construction • Etwatwa Reservoir (10MI) Under construction • Benoni Reservoir (5MI) Under construction • Bredell Reservoir (23MI) Under construction • Nigel Tower (1MI) Completed • Palmridge Reservoir (35MI) Completed. Waiting for RW connection • Fairleads Reservoir (23MI) Construction to commence in July 2018 • Clayville (23MI) Construction to commence in July 2018 • Russel Road (23MI) Construction to commence in July 2018
Water & sewer Pipes Upgrade , extension , replacement	In order to reduce the level of service interruption in providing the water supply and elimination of sewer spillages, the department has prioritized the replacement, upgrade and extension of seventy-two kilometers (72km). This will go a long way in ensuring that a certain portion of the infrastructure is upgraded.

Operating Budget of the Water and Sanitation Department

The department requires an increased Operational Budget to cater for various programs related to service delivery:

Provision of Services to Informal Settlement: The department aim to ensure that all informal settlements have access to water through the water service points and ablution facilities (chemical toilets). Recently, efforts have been increased to ensure that the ratio standard of 1:10 is exceeded and more toilets are provided to accommodate issues of safety and continued healthy environment. This then reduces the distance travelled in the dark to reach the share facility and eliminate the need for frequent maintenance.

Additional to the above a huge percentage of the operational expenditure budget is allocated to Bulk purchase of water which is required to cater for the increasing demand from the growing city. The greatest challenge facing the department is aging infrastructure for both water and sewer. In facilitating the water supply and continued service delivery, the department is further investing in continuous repairs and maintenance programmes aimed at ensuring continued supply of water and prevention of sewer spillages.

The department is further continuing in assisting the city's indigent community through projects aimed at fixing their internal leaks to reduce the water demand and financial burden associated with water leakages.

The Operating Budget per category is attached hereto.

Table 88 Operating Budget of the Water and Sanitation Department

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 AMENDED BUDGET - APR'18	F00 R'000 YEAR TO DATE - APR'18	F00 R'000 PROJECTED	F01 R'000 2018/19	% B to B	% Of Total	F02 R'000 2019/20	F03 R'000 2020/21
	R	R	R	R	R	R	R	R	R
Water & Sanitation									
INCOME									
NON - EXCHANGE REVENUE									
Fines, Penalties and Forfeits	(1,022)	(1,022)		(636)	(1,178)	15.27%	0.01%	(1,237)	(1,299)
Transfers and Subsidies									
- Operational: Monetary	(1,625,821)	(1,696,324)	(1,570,796)	(1,630,324)	(1,775,838)	4.69%	20.98%	(1,975,836)	(2,211,168)
- Capital: Monetary	(1,508,321)	(1,578,824)	(1,485,879)	(1,512,824)	(1,713,338)	8.52%	20.24%	(1,865,836)	(2,061,168)
	(117,500)	(117,500)	(94,917)	(117,500)	(62,500)	48.81%	0.74%	(110,000)	(160,000)
SUB TOTAL: NON - EXCHANGE REVENUE	(1,626,843)	(1,697,346)	(1,571,408)	(1,630,959)	(1,777,016)	4.69%	20.99%	(1,977,074)	(2,212,467)
EXCHANGE REVENUE									
Service Charges	(5,379,031)	(5,379,031)	(4,075,756)	(5,325,241)	(6,361,502)	18.26%	75.14%	(7,046,431)	(7,805,173)
Interest, Dividends and Rent on Land	(293,868)	(293,868)	(116,643)	(279,175)	(311,206)	5.90%	3.88%	(326,767)	(343,105)
Sales of Goods and Rendering of Services	(15,353)	(15,353)	(151,569)	(13,818)	(16,485)	7.37%	0.19%	(17,309)	(18,175)
SUB TOTAL: EXCHANGE REVENUE	(5,688,252)	(5,688,252)	(4,343,968)	(5,618,233)	(6,689,194)	17.60%	79.01%	(7,390,507)	(8,166,453)
TOTAL INCOME	(7,315,095)	(7,385,598)	(5,915,376)	(7,249,192)	(8,466,210)	14.63%	100.00%	(9,367,580)	(10,378,920)
EXPENDITURE									
Employee Related Costs									
Senior Management	402,439	373,975	332,529	373,975	413,210	10.49%	6.65%	452,506	495,540
- SM - Salaries Allowances and Service Benefits	2,201	2,201	1,752	2,201	2,102	-4.51%	0.03%	2,301	2,520
- SM - Social Contributions	2,199	2,199	1,625	2,199	1,965	-10.65%	0.03%	2,152	2,356
	2	2	128	2	137	7159.20%	0.00%	150	164
Municipal Staff	400,238	371,774	330,777	371,774	411,109	10.58%	6.62%	450,205	493,019
- MS - Salaries Allowances and Service Benefits	343,335	314,872	278,686	314,872	360,626	11.36%	5.64%	383,970	420,486
- MS - Social Contributions	76,193	76,193	52,203	76,193	79,774	4.70%	1.28%	87,360	95,668
- MS - Cost Capitalised to PPE	(19,291)	(19,291)	(113)	(19,291)	(19,291)	0.00%	-0.31%	(21,125)	(23,134)
Contracted Services	803,901	804,567	653,345	802,405	860,057	6.90%	13.84%	941,096	992,267
- Outsource Services	721,422	721,412	591,201	720,911	786,439	9.01%	12.65%	864,183	911,707
- Consultants and Professional Services	21,567	21,567	14,164	21,136	6,289	-70.84%	0.10%	5,207	4,194
- Contractors	60,912	61,588	47,979	60,359	67,329	9.32%	1.08%	71,706	76,366
Operational Cost									
Inventory	19,240	21,839	16,820	19,677	18,608	-14.79%	0.30%	19,177	19,785
Bulk Purchases	346,424	344,786	256,365	341,661	376,567	9.22%	6.06%	403,976	433,849
Interest Dividends and Rent on Land	3,027,824	3,027,824	2,464,598	3,027,824	3,450,508	13.96%	55.52%	3,897,693	4,402,835
Contribution for Bad Debt	57,999	23,945	40,125	23,945	130,241	443.92%	2.10%	141,962	154,739
Transfers and Subsidies	209,035	209,035	174,195	209,035	178,597	-14.56%	2.87%	192,885	208,316
- Operational: Monetary	368,882	673,436	601,027	607,436	663,810	-1.43%	10.68%	687,811	728,824
Depreciation and Amortisation	368,882	673,436	601,027	607,436	663,810	-1.43%	10.68%	687,811	728,824
	130,245	130,245	108,537	130,245	123,100	-5.49%	1.98%	131,717	140,937
TOTAL EXPENDITURE	5,365,987	5,609,650	4,647,541	5,536,202	6,214,698	10.79%	100.00%	6,868,825	7,577,092
DEFICIT / (SURPLUS)	(1,949,108)	(1,775,948)	(1,267,835)	(1,712,990)	(2,251,512)	26.78%		(2,498,755)	(2,801,828)
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(1,949,108)	(1,775,948)	(1,267,835)	(1,712,990)	(2,251,512)			(2,498,755)	(2,801,828)
TOTAL RECOVERIES	(367,798)	(367,798)	(396,324)	(367,798)	(402,354)	0		(402,354)	(402,354)
TOTAL CHARGES	710,863	710,897	636,522	710,892	760,202	0		760,202	760,202
TOTAL CHARGES / RECOVERIES	343,066	343,099	240,198	343,094	357,848	0		357,848	357,848
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(1,606,042)	(1,432,848)	(1,027,638)	(1,369,896)	(1,893,664)			(2,140,908)	(2,443,981)

2.10.32 BUDGET OF ERWAT

Key Strategic Projects of ERWAT

The Erwat Board approved a strategy at its strategic planning session and the following key strategic projects were identified:

The above was reduced to two clear strategic objectives namely:

- 19 Green Drop Awards.
- R200 m revenue from other activities.

19 GREEN DROP AWARDS

In order to achieve the strategic objective of 19 Green Drop Awards the Erwat Capital Budget has been reassessed and prioritised to be able to achieve this objective. It is however clear that the timeframe for achieving this objective is quite long and the current target is 10 Green Drop Awards by 2019.

Operating Budget

The total original Company Net Operating Surplus for 2017/18 was R50 million. For the financial year budget of 2018/19, net operating surplus of R50 million will be realised. The profit is due to the R50 million Capital grant received from Ekurhuleni.

Total Income

The total income increased with 12.03% from 2017/2018 to 2018/2019.

Non-exchange revenue

There was no increase in non-exchange revenue as the Grant for 2018/2019 is the same as 2017/2018 R50 million.

Exchange revenue

The Exchange Revenue increase is 12.73% from 2017/18 to 2018/19 financial year; the main drivers are the following:

- **Service charges increased by 10.00%**
 - The Service charges is paid by the members of the entity (City of Ekurhuleni (CoE), City of Johannesburg (CoJ) and Lesedi Municipality in term of the Service Level Agreements (SLA) between the members and ERWAT.
- **Interest and dividends decreased by 17.20%**
 - The Interest Income is lower due to lower Bank Balance.
- **Operational revenue increased by 27.64%**
 - Increase in commercial business and other services rendered to municipalities as well as government departments.

Expenditure

The total expenditure increased by 12.73%, which be covered by the total income increase of 12.03% to cover the costs. The main driver of the increases are the following:

- **Senior Management increased by 234.86%**
 - Three new vacancies were budgeted for as per the new structure approved by the Board of Directors
- **Other Staff cost increased by 15.14%**
 - Under the manpower budget, our increase relating to the salaries relates to planning of future employment to fill the gaps in our structure in the Commercial business.
 - Overtime payments also increased due to the 7 day/week shift (Green Drop Compliance).
 - HR staff cost increased to cater for more Wastewater learnership from NQF 2 – NQF4, Coaching training to all executives, Additional compliance training and Apprentice training.
- **Operational cost increased by 22.9%**
 - Transport cost increased to cover the activities required to generate revenue.
 - Repair and maintenance increased to cover the pump stations service level agreement with CoE.
 - Marketing cost increased due to the fact that we exhibit at least six exhibitions per financial year compare to once every second year, with some ad hoc exhibitions as and when the MD requires it.
- **Bulk purchases increased by 3.14%**
 - In line with the CPIX rates and increase in business activities due to business growth.
 - The Chemical budget was increased to accommodate analysis requirements for Green Drop compliance.
- **Depreciation increased by 2.32%**
 - The depreciation charge minimal increase is due to Capital expenditure that decreased.
- **Interest decreased by 2.57%**
 - Interest charges decreased due to Capital repayment on Long Term loans, as the Capital decrease the interest charges decrease.
- **Contribution for bad debts decreased by 33%**
 - The contribution decreased based on the estimated debt to be provided for 2018/2019 year.

Table 89 Budget of ERWAT

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 AMENDED BUDGET - JAN'18		F00 R'000 YEAR TO DATE - JAN'18		F00 R'000 PROJECTED		F01 R'000 2018/19		% B to B		% OF Total		F02 R'000 2019/20		F03 R'000 2020/21	
	R		R		R		R		R		R		R		R		R	
ERWAT TOTAL																		
INCOME																		
NON - EXCHANGE REVENUE																		
Transfers and Subsides																		
- Operational: Allowances in Kind	(50,993)	(615)	(50,993)	(615)	(24,877)	(32)	(50,993)	(615)	(51,063)	(661)	0.14%	0.14%	4.98%		(51,129)	(700)	(51,220)	
- Operational: Monetary	(50,000)	(378)	(50,000)	(378)	(23,140)	(1,705)	(50,000)	(378)	(50,000)	(402)	0.00%	0.00%	4.88%		(50,000)	(428)	(50,000)	
- Capital: Allowances in Kind																	(456)	
SUB TOTAL: NON - EXCHANGE REVENUE	(50,993)	(753)	(50,993)	(753)	(24,877)	(1,737)	(50,993)	(753)	(51,063)	(1,063)	0.14%	0.14%	4.98%		(51,129)	(1,128)	(51,220)	
EXCHANGE REVENUE																		
Interest, Dividends and Rent on Land	(4,032)	(312)	(4,032)	(312)	(1,891)	(14)	(4,032)	(312)	(3,192)	(80)	-20.83%	0.31%	0.31%		(3,324)	(82)	(3,460)	
Operational Revenue	(859,888)	(517,057)	(859,888)	(517,057)	(517,057)		(859,888)	(517,057)	(970,907)		-74.36%	0.01%	0.01%		(1,066,108)	(1,160,608)	(1,160,608)	
Sales of Goods and Rendering of Services	(864,231)	(915,224)	(864,231)	(915,224)	(518,963)		(864,231)	(915,224)	(974,179)		12.72%	95.02%	95.02%		(1,069,514)	(1,164,149)	(1,164,149)	
SUB TOTAL: EXCHANGE REVENUE	(1,726,151)	(1,544,393)	(1,726,151)	(1,544,393)	(1,086,916)		(1,726,151)	(1,544,393)	(1,945,086)		12.02%	100.00%	100.00%		(1,120,642)	(1,215,369)	(1,215,369)	
TOTAL INCOME	(1,777,144)	(2,258,616)	(1,777,144)	(2,258,616)	(1,305,793)		(1,777,144)	(2,258,616)	(2,016,151)						(2,181,771)	(2,379,977)	(2,379,977)	
EXPENDITURE																		
Employee Related Costs																		
Senior Management	299,153	3,072	299,153	3,072	165,804		299,153	3,072	349,027		16.67%	35.81%	35.81%		382,821	3,465	417,832	
- SM - Salaries Allowances & Service Benefits																	3,797	
Municipal Staff	296,082	1,373	296,082	1,373	134,903		296,082	1,373	328,740		7.00%	0.34%	0.34%		379,356	3,465	414,035	
- MS - Salaries Allowances & Service Benefits																	341,297	
- MS - Social Contributions	50,847	1,255	50,847	1,255	29,528		50,847	1,255	57,230		12.56%	5.87%	5.87%		62,341	4,439	67,633	
- MS - Post Retirement Benefit																	5,105	
Contracted Services	44,899	16,313	44,899	16,313	22,273		44,899	16,313	59,823		33.24%	6.14%	6.14%		66,906	27,532	72,672	
- Outsource Services																	30,131	
- Consultants and Professional Services	22,168	6,418	22,168	6,418	8,342		22,168	6,418	27,841		25.59%	2.86%	2.86%		31,956	7,418	34,605	
- Contractors																	7,936	
Operational Cost	216,509	159,117	216,509	159,117	104,326		216,509	159,117	228,372		5.48%	23.43%	23.43%		254,905	221,537	279,483	
Inventory	159,117	63,168	159,117	63,168	66,542		159,117	63,168	192,667		21.09%	19.77%	19.77%		221,537	57,012	253,390	
Interest Dividends and Rent on Land																	51,856	
Operating Leases	7,972	3,008	7,972	3,008	3,376		7,972	3,008	9,205		15.46%	0.94%	0.94%		9,948	1,626	10,646	
Contribution for Bad Debt																	1,727	
Transfers and Subsides	760	85	760	85	85		760	85	829		-65.95%	0.11%	0.11%		866	941	941	
- Capital: Monetary																	941	
Depreciation and Amortisation	70,638	41,483	70,638	41,483	41,483		70,638	41,483	72,048		9.15%	0.09%	0.09%		74,320	76,122	76,122	
TOTAL EXPENDITURE	865,224	(50,000)	865,224	(50,000)	439,042		865,224	(50,000)	974,543		12.63%	100.00%	100.00%		1,069,942	(50,700)	1,164,669	
DEFICIT / (SURPLUS)	(86,071)	(50,000)	(86,071)	(50,000)	(104,798)		(86,071)	(50,000)	(75,420)		1.40%	1.40%	1.40%		(50,700)	(50,700)	(50,700)	
DISP OF FIXED AND INTANGIBLE ASSETS																		
FAIR VALUE ADJUSTMENT																		
TOTAL GAINS AND LOSSES	(86,071)	(50,000)	(86,071)	(50,000)	(104,798)		(86,071)	(50,000)	(75,420)		1.40%	1.40%	1.40%		(50,700)	(50,700)	(50,700)	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSS	(86,071)	(50,000)	(86,071)	(50,000)	(104,798)		(86,071)	(50,000)	(75,420)		1.40%	1.40%	1.40%		(50,700)	(50,700)	(50,700)	
DEFICIT / (SURPLUS) AFTER RECOV & CHARG	(86,071)	(50,000)	(86,071)	(50,000)	(104,798)		(86,071)	(50,000)	(75,420)		1.40%	1.40%	1.40%		(50,700)	(50,700)	(50,700)	

2.11 Contracts having future budgetary implications

In terms of the metro's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation or Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following four tables present details of the metro's capital expenditure programme, firstly on new assets, then the renewal of assets ,repair and maintenance of assets and finally on the upgrading on the exisiting assets.

Table 90 MBRR SA34a - capital expenditure on new assets by asset class

EKU Ekurhuleni Metro - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2018/19	Budget Year +2 2019/20	Budget Year +2 2020/21
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		1,508,785	1,548,453	1,495,382	1,632,691	1,690,096	1,605,591	1,106,350	1,190,865	1,272,250
Roads Infrastructure		696,276	788,867	692,706	381,650	420,368	399,350	296,600	249,800	317,250
<i>Roads</i>		696,276	788,867	692,706	381,650	420,368	399,350	296,600	249,800	317,250
Storm water Infrastructure		–	–	–	127,450	126,100	119,795	–	–	–
<i>Drainage Collection</i>		–	–	–	127,450	126,100	119,795	–	–	–
Electrical Infrastructure		386,399	390,713	465,247	550,500	550,500	522,975	555,000	528,065	602,000
<i>HV Substations</i>		–	–	–	202,000	151,500	143,925	183,000	146,000	143,000
<i>HV Transmission Conductors</i>		386,399	390,713	465,247	348,500	399,000	379,050	372,000	382,065	459,000
Water Supply Infrastructure		324,960	204,276	161,203	425,859	452,896	430,251	188,150	354,000	334,000
<i>Water Treatment Works</i>		–	–	–	309,259	309,259	293,796	–	–	–
<i>Distribution</i>		324,960	204,276	161,203	116,600	143,637	136,455	188,150	354,000	334,000
Sanitation Infrastructure		58,120	126,126	40,683	50,600	36,600	34,770	66,600	59,000	19,000
<i>Pump Station</i>		–	–	–	–	–	–	–	–	–
<i>Reticulation</i>		58,120	126,126	40,683	50,600	36,600	34,770	66,600	59,000	19,000
Solid Waste Infrastructure		–	–	20,298	–	–	–	–	–	–
<i>Landfill Sites</i>		–	–	20,298	–	–	–	–	–	–
Information and Communication Infrastructure		43,030	38,472	115,244	96,632	103,632	98,450	–	–	–
<i>Distribution Layers</i>		–	–	–	96,632	103,632	98,450	–	–	–
<i>Capital Spares</i>		43,030	38,472	115,244	–	–	–	–	–	–
Community Assets		77,090	118,662	39,322	302,700	298,188	283,279	122,500	179,000	193,000
Community Facilities		73,628	102,594	31,847	302,700	298,188	283,279	122,500	179,000	193,000
<i>Halls</i>		–	–	–	–	–	–	–	–	–
<i>Centres</i>		–	–	–	127,000	132,500	125,875	85,500	95,000	125,000
<i>Clinics/Care Centres</i>		36,838	72,181	11,913	11,100	11,088	10,534	15,000	51,000	44,000
<i>Fire/Ambulance Stations</i>		–	–	–	42,000	32,000	30,400	22,000	33,000	24,000
<i>Museums</i>		19,913	–	5,950	–	–	–	–	–	–
<i>Libraries</i>		7,237	26,893	6,884	–	–	–	–	–	–
<i>Cemeteries/Crematoria</i>		9,640	3,520	7,100	–	–	–	–	–	–
<i>Police</i>		–	–	–	6,000	6,000	5,700	–	–	–
<i>Parks</i>		–	–	–	–	–	–	–	–	–
<i>Public Open Space</i>		–	–	–	112,000	112,000	106,400	–	–	–
<i>Nature Reserves</i>		–	–	–	1,600	1,600	1,520	–	–	–
<i>Airports</i>		–	–	–	3,000	3,000	2,850	–	–	–
Sport and Recreation Facilities		3,462	16,068	7,476	–	–	–	–	–	–
<i>Outdoor Facilities</i>		2,165	16,068	7,476	–	–	–	–	–	–
<i>Capital Spares</i>		1,297	–	–	–	–	–	–	–	–
Investment properties		138,256	281,214	581,005	1,400,660	1,353,326	1,285,660	1,689,790	1,852,643	1,747,355
Revenue Generating		138,256	281,214	581,005	1,400,660	1,353,326	1,285,660	1,689,790	1,852,643	1,747,355
<i>Improved Property</i>		138,256	281,214	581,005	851,510	839,598	797,618	1,128,705	1,238,516	1,122,511
<i>Unimproved Property</i>		–	–	–	549,150	513,728	488,041	561,085	614,127	624,844
Other assets		59,205	197,747	345,490	33,900	24,050	22,848	32,600	38,000	42,780
Operational Buildings		59,205	197,747	345,490	33,900	24,050	22,848	32,600	38,000	42,780
<i>Municipal Offices</i>		57,865	197,747	345,490	18,900	11,050	10,498	32,600	38,000	42,780
<i>Depots</i>		–	–	–	15,000	13,000	12,350	–	–	–
<i>Capital Spares</i>		1,340	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	50	50	48	–	–	–
Computer Equipment		–	–	–	50	50	48	–	–	–
Furniture and Office Equipment		–	–	–	1,040	1,040	988	–	–	–
Furniture and Office Equipment		–	–	–	1,040	1,040	988	–	–	–
Machinery and Equipment		–	–	–	15,000	13,500	12,825	–	–	–
Machinery and Equipment		–	–	–	15,000	13,500	12,825	–	–	–
Transport Assets		22,399	18,938	–	6,250	6,250	5,938	–	–	–
Transport Assets		22,399	18,938	–	6,250	6,250	5,938	–	–	–
Total Capital Expenditure on new assets	1	1,805,734	2,165,014	2,461,200	3,392,291	3,386,500	3,217,175	2,951,240	3,260,508	3,255,385

Table 91 MBRR SA34b - capital expenditure on the renewal of existing assets by asset class

EKU Ekurhuleni Metro - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	515,024	1,031,098	1,076,898	858,717	817,067	776,214	1,290,706	1,316,341	1,200,536
Roads Infrastructure	105,148	404,944	346,823	49,750	51,000	48,450	472,298	420,121	489,717
<i>Roads</i>	105,148	404,944	323,455	49,750	51,000	48,450	472,298	420,121	489,717
<i>Capital Spares</i>			23,368						
Storm water Infrastructure	–	–	–	4,000	7,500	7,125	6,500	6,000	4,000
<i>Drainage Collection</i>	–	–	–	4,000	7,500	7,125	6,500	6,000	4,000
Electrical Infrastructure	105,012	79,839	111,189	129,500	129,500	123,025	133,000	145,000	161,000
<i>HV Transmission Conductors</i>	105,012	79,839	111,189	42,000	42,000	39,900	47,000	47,000	47,000
<i>MV Networks</i>	–	–	–	87,500	87,500	83,125	86,000	98,000	114,000
Water Supply Infrastructure	11,904	74,076	46,317	140,500	112,000	106,400	139,500	87,000	112,000
<i>Distribution</i>	11,904	74,076	46,317	140,500	112,000	106,400	139,500	87,000	112,000
Sanitation Infrastructure	22,719	47,100	57,360	66,600	64,100	60,895	62,790	81,000	116,000
<i>Pump Station</i>									
<i>Reticulation</i>	22,719	47,100	57,360	66,600	64,100	60,895	62,790	81,000	116,000
Solid Waste Infrastructure	29,563	91,263	82,912	95,950	84,050	79,848	68,600	43,400	82,000
<i>Landfill Sites</i>	29,563	91,263	82,912	95,950	84,050	79,848	68,600	43,400	82,000
Information and Communication I	240,679	333,876	432,297	372,417	368,917	350,471	408,018	533,820	235,820
<i>Data Centres</i>									
<i>Core Layers</i>									
<i>Distribution Layers</i>				372,417	368,917	350,471	408,018	533,820	235,820
<i>Capital Spares</i>	240,679	333,876	432,297						
Community Assets	146,922	210,346	142,726	332,700	302,450	287,328	356,050	279,500	293,120
Community Facilities	126,206	169,036	109,257	300,870	271,270	257,707	322,450	203,100	220,300
<i>Halls</i>	–	50,000	–	170	170	162	–	–	–
<i>Clinics/Care Centres</i>	32,931	19,483	24,886	19,200	16,500	15,675	5,550	11,000	9,000
<i>Fire/Ambulance Stations</i>				60,400	53,500	50,825	44,700	23,000	1,500
<i>Testing Stations</i>				123,000	85,700	81,415	97,000	59,000	80,000
<i>Museums</i>	17,831	31,936	27,950	–	–	–	–	–	–
<i>Libraries</i>	1,305	4,365	23,835	17,000	16,500	15,675	21,300	3,000	6,000
<i>Cemeteries/Crematoria</i>			30,295	–	–	–	1,300	–	–
<i>Police</i>	9,168	2,795	2,291	61,500	74,800	71,060	111,600	54,100	85,800
<i>Public Open Space</i>	45,741	60,456	–	–	–	–	–	–	–
<i>Nature Reserves</i>				1,600	2,600	2,470	14,000	22,000	33,000
<i>Markets</i>	12,969	–	–	–	–	–	–	–	–
<i>Taxi Ranks/Bus Terminals</i>	–	–	–	18,000	21,500	20,425	27,000	31,000	5,000
<i>Capital Spares</i>	6,261	–	–	–	–	–	–	–	–
Sport and Recreation Facilities	20,716	41,311	33,469	31,830	31,180	29,621	33,600	76,400	72,820
<i>Indoor Facilities</i>	20,716	34,863	28,998	25,660	24,160	22,952	33,600	74,400	72,820
<i>Outdoor Facilities</i>	–	6,448	4,472	6,170	7,020	6,669	–	2,000	–
Investment properties	176	52,264	77,384	–	–	–	7,500	–	–
Revenue Generating	176	52,264	77,384	–	–	–	7,500	–	–
<i>Improved Property</i>	176	52,264	77,384	–	–	–	7,500	–	–
Other assets	162,064	255,905	464,471	423,980	340,986	323,937	325,566	285,378	155,978
Operational Buildings	162,064	255,905	464,471	423,980	340,986	323,937	325,566	285,378	155,978
<i>Municipal Offices</i>	159,296	255,905	464,332	273,480	275,686	261,902	206,866	154,178	54,278
<i>Depots</i>				150,500	65,300	62,035	118,700	131,200	101,700
<i>Capital Spares</i>	2,768	–	139	–	–	–	–	–	–
Intangible Assets	–	–	–	998	979	930	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	–	–	–	998	979	930	–	–	–
<i>Computer Software and Applications</i>				998	979	930	–	–	–
Computer Equipment	–	–	–	51,979	50,609	48,079	44,543	45,084	48,504
Computer Equipment	–	–	–	51,979	50,609	48,079	44,543	45,084	48,504
Furniture and Office Equipment	94,683	59,685	81,742	62,251	60,905	57,860	59,958	57,275	81,571
Furniture and Office Equipment	94,683	59,685	81,742	62,251	60,905	57,860	59,958	57,275	81,571
Machinery and Equipment	37,777	33,300	62,030	114,620	122,687	116,552	129,387	109,945	111,345
Machinery and Equipment	37,777	33,300	62,030	114,620	122,687	116,552	129,387	109,945	111,345
Transport Assets	306,783	286,254	335,584	885,024	897,691	852,807	230,622	216,172	250,708
Transport Assets	306,783	286,254	335,584	885,024	897,691	852,807	230,622	216,172	250,708
Total Capital Expenditure on renew	1,263,430	1,928,851	2,240,835	2,730,268	2,593,374	2,463,705	2,444,332	2,309,696	2,141,763

Table 92 MBRR SA34c - repairs and maintenance expenditure by asset class

EKU Ekurhuleni Metro - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	905,805	1,167,721	1,704,768	1,794,402	1,722,854	1,722,854	1,960,068	2,115,369	2,285,290
Roads Infrastructure	139,083	262,839	529,802	604,800	592,759	592,759	651,068	692,412	736,444
Roads	139,083	262,839	529,802	586,292	575,356	575,356	631,395	671,461	714,130
Road Furniture	–	–	–	18,508	17,403	17,403	19,673	20,951	22,313
Storm water Infrastructure	21,181	43,794	52,839	36,333	40,688	40,688	38,970	41,503	44,200
Drainage Collection	–	–	–	36,333	40,688	40,688	38,970	41,503	44,200
Storm water Conveyance	21,181	43,794	52,839	–	–	–	–	–	–
Electrical Infrastructure	526,489	584,083	570,726	688,914	628,110	628,110	747,101	806,264	870,270
Power Plants	511,542	529,860	514,357	–	–	–	–	–	–
HV Substations	14,947	54,222	56,370	36,558	37,286	37,286	46,713	49,890	53,286
HV Transmission Conductors	–	–	–	1,894	1,894	1,894	2,312	2,451	2,598
MV Substations	–	–	–	19,212	19,212	19,212	21,533	22,932	24,423
MV Switching Stations	–	–	–	–	–	–	–	–	–
MV Networks	–	–	–	567,725	516,913	516,913	597,976	647,317	700,851
LV Networks	–	–	–	63,525	52,805	52,805	78,567	83,674	89,112
Water Supply Infrastructure	85,078	116,998	390,042	216,548	215,913	215,913	244,457	266,550	290,762
Bulk Mains	–	–	–	7,046	7,046	7,046	7,606	8,100	8,627
Distribution	85,078	116,998	390,042	209,502	208,867	208,867	236,851	258,450	282,135
Sanitation Infrastructure	78,273	107,918	106,836	192,772	191,749	191,749	220,190	246,569	277,508
Pump Station	–	–	–	67,130	67,130	67,130	73,673	78,461	83,561
Reticulation	78,273	107,918	106,836	45,301	44,278	44,278	48,280	51,418	54,760
Waste Water Treatment Works	–	–	–	80,341	80,341	80,341	98,238	116,690	139,187
Solid Waste Infrastructure	55,702	52,090	54,523	55,035	53,635	53,635	58,283	62,071	66,106
Landfill Sites	55,702	52,090	54,523	55,035	53,635	53,635	58,283	62,071	66,106
Community Assets	59,823	93,593	62,397	–	984	984	97,702	104,138	110,973
Community Facilities	56,582	87,924	45,719	–	984	984	31,350	33,493	35,746
Halls	5,212	5,110	17,934	–	–	–	201	212	225
Centres	286	1,604	–	–	–	–	–	–	–
Clinics/Care Centres	566	1,058	2,796	–	–	–	5,052	5,344	5,657
Fire/Ambulance Stations	15,683	16,871	3,489	–	–	–	10,499	11,180	11,905
Museums	237	832	893	–	–	–	1,794	1,897	2,007
Libraries	619	962	1,051	–	–	–	6,613	7,207	7,808
Cemeteries/Crematoria	–	10,905	12,697	–	–	–	4,622	4,918	5,233
Public Open Space	18,461	29,508	6,858	–	–	–	–	–	–
Markets	–	–	–	–	–	–	1,632	1,737	1,849
Taxi Ranks/Bus Terminals	15,519	21,077	–	–	984	984	937	998	1,063
Sport and Recreation Facilities	3,241	5,669	16,679	–	–	–	66,352	70,645	75,227
Indoor Facilities	514	740	875	–	–	–	634	672	713
Outdoor Facilities	2,607	4,836	15,803	–	–	–	65,718	69,973	74,514
Capital Spares	120	93	–	–	–	–	–	–	–
Heritage assets	154,177	132,252	(229,323)	–	–	–	–	–	–
Other Heritage	154,177	132,252	(229,323)	–	–	–	–	–	–
Investment properties	21,730	21,593	31,938	45,385	46,185	46,185	48,083	51,208	54,537
Non-revenue Generating	21,730	21,593	31,938	45,385	46,185	46,185	48,083	51,208	54,537
Improved Property	21,730	21,593	31,938	45,385	46,185	46,185	48,083	51,208	54,537
Other assets	18,111	25,375	53,185	156,052	148,047	148,047	96,695	103,533	110,237
Operational Buildings	–	–	1,306	156,052	148,047	148,047	48,935	53,202	57,871
Municipal Offices	–	–	1,306	156,052	148,047	148,047	48,935	53,202	57,871
Housing	18,111	25,375	51,879	–	–	–	47,760	50,331	52,366
Staff Housing	–	–	–	–	–	–	–	–	–
Social Housing	18,111	25,375	51,879	–	–	–	47,760	50,331	52,366
Capital Spares	–	–	–	–	–	–	–	–	–
Computer Equipment	57,338	89,085	139,399	3,917	3,917	3,917	4,172	4,806	5,094
Computer Equipment	57,338	89,085	139,399	3,917	3,917	3,917	4,172	4,806	5,094
Furniture and Office Equipment	16,997	21,368	22,410	37,382	37,079	37,079	30,792	32,897	35,027
Furniture and Office Equipment	16,997	21,368	22,410	37,382	37,079	37,079	30,792	32,897	35,027
Machinery and Equipment	–	–	–	6,475	6,461	6,461	4,471	4,744	5,034
Machinery and Equipment	–	–	–	6,475	6,461	6,461	4,471	4,744	5,034
Transport Assets	94,400	109,864	220,939	167,786	159,992	159,992	174,184	186,067	198,182
Transport Assets	94,400	109,864	220,939	167,786	159,992	159,992	174,184	186,067	198,182
Total Repairs and Maintenance Expenditure	1,328,381	1,660,851	2,005,713	2,211,399	2,125,519	2,125,519	2,416,166	2,602,762	2,804,374
R&M as a % of PPE	2.9%	3.5%	4.1%	4.2%	3.9%	3.9%	4.4%	4.3%	4.4%
R&M as % Operating Expenditure	5.2%	6.0%	6.7%	6.8%	6.5%	6.5%	7.4%	7.4%	7.3%

Table 93 MBRR SA34e - Capital expenditure on the upgrading on the existing assets by asset class

EKU Ekurhuleni Metro - Supporting Table SA34e Consolidated capital expenditure on the upgrading of existing assets by asset class

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	–	–	–	251,750	263,351	250,184	834,384	881,776	822,624
Roads Infrastructure	–	–	–	41,500	38,000	36,100	292,900	345,200	349,600
<i>Roads</i>	–	–	–	41,500	38,000	36,100	292,900	345,200	349,600
Storm water Infrastructure	–	–	–	42,750	34,550	32,823	27,500	11,000	16,000
<i>Drainage Collection</i>	–	–	–	42,750	34,550	32,823	27,500	11,000	16,000
Electrical Infrastructure	–	–	–	–	–	–	25,000	94,000	45,000
<i>Power Plants</i>	–	–	–	–	–	–	–	–	–
<i>HV Transmission Conductors</i>	–	–	–	–	–	–	25,000	94,000	45,000
Water Supply Infrastructure	–	–	–	52,000	79,400	75,430	99,010	162,000	191,000
<i>Distribution</i>	–	–	–	52,000	79,400	75,430	99,010	162,000	191,000
Sanitation Infrastructure	–	–	–	80,500	85,000	80,750	216,805	194,051	195,824
<i>Pump Station</i>	–	–	–	–	–	–	–	–	–
<i>Reticulation</i>	–	–	–	80,500	85,000	80,750	216,805	194,051	195,824
Solid Waste Infrastructure	–	–	–	25,000	16,200	15,390	59,000	29,000	12,000
<i>Landfill Sites</i>	–	–	–	25,000	16,200	15,390	59,000	29,000	12,000
Information and Communication Infrastructure	–	–	–	10,000	10,201	9,691	114,169	46,525	13,200
<i>Data Centres</i>	–	–	–	10,000	10,201	9,691	12,000	13,200	13,200
<i>Core Layers</i>	–	–	–	–	–	–	–	–	–
<i>Distribution Layers</i>	–	–	–	–	–	–	102,169	33,325	–
Community Assets	–	–	–	89,300	96,900	92,055	437,800	450,200	541,350
Community Facilities	–	–	–	56,300	63,900	60,705	394,900	410,700	482,850
<i>Halls</i>	–	–	–	2,000	2,000	1,900	–	–	–
<i>Clinics/Care Centres</i>	–	–	–	1,000	4,500	4,275	2,650	30,400	55,600
<i>Fire/Ambulance Stations</i>	–	–	–	500	500	475	20,000	15,500	47,500
<i>Libraries</i>	–	–	–	10,000	10,000	9,500	–	1,500	–
<i>Cemeteries/Crematoria</i>	–	–	–	23,000	23,200	22,040	224,650	199,300	135,500
<i>Police</i>	–	–	–	–	–	–	–	–	–
<i>Parks</i>	–	–	–	–	–	–	–	–	–
<i>Public Open Space</i>	–	–	–	19,800	23,700	22,515	112,000	112,000	112,000
<i>Nature Reserves</i>	–	–	–	–	–	–	35,600	52,000	52,250
Machinery and Equipment	–	–	–	1,200	1,200	1,140	1,200	1,200	1,200
Machinery and Equipment	–	–	–	1,200	1,200	1,140	1,200	1,200	1,200
Transport Assets	–	–	–	61,500	70,100	66,595	–	–	–
Transport Assets	–	–	–	61,500	70,100	66,595	–	–	–
Total Capital Expenditure on upgrading of existing assets	–	–	–	593,396	640,208	608,198	1,508,641	1,560,791	1,660,368

Table 94 MBRR SA35 - future financial implications of the Capital Budget

EKU Ekurhuleni Metro - Supporting Table SA35 Future financial implications of the capital budget							
Vote Description R thousand	2018/19 Medium Term Revenue &			Forecasts			
	Budget Year +1 2018/19	Budget Year +2 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
Capital expenditure							
Vote 1 - Executive and Council	9,500	10,813	11,144	11,701	12,286	12,900	
Vote 2 - Finance and Corporate Services	1,488,754	1,501,693	1,256,732	1,319,568	1,385,547	1,454,824	
Vote 3 - Energy	736,700	795,765	836,700	878,535	922,462	968,585	
Vote 4 - Water and Sanitation	866,055	985,551	1,031,824	1,083,416	1,137,586	1,194,466	
Vote 5 - Waste Management	165,500	115,900	134,500	141,225	148,286	155,701	
Vote 6 - Human Settlements	1,222,491	1,372,723	1,236,469	1,298,292	1,363,207	1,431,367	
Vote 7 - City Planning	3,050	3,050	3,050	3,203	3,363	3,531	
Vote 8 - Economic Development	186,200	175,300	169,780	178,269	187,183	196,542	
Vote 9 - Disaster and Emergency Management Services	167,140	147,730	162,980	171,129	179,685	188,670	
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	113,800	134,900	151,820	159,411	167,382	175,751	
Vote 11 - Health and Social Development	42,275	111,050	135,800	142,590	149,720	157,205	
Vote 12 - Environmental Resource Management	304,150	320,900	290,050	304,553	319,780	335,769	
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	170,100	108,600	144,800	152,040	159,642	167,624	
Vote 14 - Transport Planning & Provisioning	732,548	657,971	740,816	777,857	816,750	857,587	
Vote 15 - Roads and Stormwater	695,950	689,050	751,051	788,603	828,033	869,435	
<i>List entity summary if applicable</i>							
Total Capital Expenditure	6,904,213	7,130,995	7,057,515	7,410,391	7,780,911	8,169,956	

2.13 Detailed Capital Budget per municipal vote-

Detail expenditure per municipal vote has been attached as **Annexure F** as part of the MTREF budget document. The documents is in alignment with the municipal Budget and reporting regulations Table SA 36.

Table 95 MBRR SA37 - Projects delayed from previous financial year

EKU Ekurhuleni Metro - Supporting Table SA37 Projects delayed from previous financial year/s							
Municipal Vote/Capital project	Project name	Current Year		2017/18 Medium Term			
		Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand							
Disaster & Emergency Management Services	3 x Mobile be SAFE Units(Operational Equipment)	3,400	–	3,600	4,000	–	
Disaster & Emergency Management Services	Katlehong Fire Station	12,000	–	2,000	7,000	18,000	
Fleet Management	ICT Equipment(Operational Equipment)	70	–	150	150	320	
Health and Social Development	Civic Centre Clinic Germiston	500	–	1,750	5,000	12,000	
Health and Social Development	Food Bank & Daycare Centre for Mental Patients	500	–	500	5,000	10,000	
Health and Social Development	GENERATORS AT HEALTH FACILITIES(Operational Equipment)	3,000	–	500	1,000	1,000	
Health and Social Development	Specialised vehicles(MORE THAN 2 SEATS)(Operational Equipment)	1,500	–	3,600	1,500	3,000	
Roads and Stormwater	Bdfv & Edvl, Geometric Impr., Van Buuren / Hawley	250	–	1,500	1,500	–	
Roads and Stormwater	Construction of K86	1,500	–	500	1,000	2,000	
Roads and Stormwater	N3, Constr. pedestrian bridge Mapleton to Vosloorus	10,000	–	3,000	500	5,000	
Roads and Stormwater	Reconstruct Rds (E): Carnation Rd	2,000	–	500	2,000	–	
Roads and Stormwater	Tertiary Rds: (N) Pieter Mokaba, Maluleke, Ndlovu	1,000	–	500	–	500	
Roads and Stormwater	Upgrading of Michelle Avenue	5,000	–	300	5,000	8,000	
Transport	Drive Thru Edenvale	1,000	–	4,000	–	–	
Transport	Drive Thru Tembisa	1,000	–	4,000	–	–	
Transport	taxi rank - Katlehong ward 63	2,000	–	5,000	7,000	2,000	
Transport	taxi rank - Windmill Park	2,000	–	4,000	7,000	3,000	
Water and Sanitation	Bedfordview Bulk Water	500	–	4,000	1,000	1,000	

2.14 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

2.14.1 in- year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the metro's website.

2.14.2 Internship programme

The City's has been participating since 2008 actively in the Municipal Financial Management Internship Programme. The programme started with five interns undergoing training in various divisions of the Financial Services Department.

2.14.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

2.14.4 Audit Committee

An Audit Committee has been established and is fully functional.

2.14.5 Service Delivery and Implementation Plan

Council compiled a detailed SDBIP document in 2018/19 MTREF. The detailed SDBIP is reflected in MBRR Schedule SA7 of the report.

2.14.6 Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.14.7 MFMA Training

The MFMA training module in electronic format is presented at the metro's internal centre and training is ongoing.

2.14.8 Policies

An amendment of the Municipal Property Rates Regulations as published in government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the regulations have been complied with.

2.15 Other supporting documents

Table 96 MBRR Table SA1 - Supporting detail to budgeted financial performance

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	4,366,439	4,685,093	4,796,664	5,933,103	6,116,615	6,116,615	6,116,615	6,599,827	7,160,812	7,769,482
<i>reductions and rebates and impermissible values in excess of</i>	673,053	738,434	743,106	866,839	905,710	905,710	905,710	984,162	1,057,975	1,137,323
Net Property Rates	3,693,387	3,946,659	4,053,558	5,066,264	5,210,905	5,210,905	5,210,905	5,615,665	6,102,838	6,632,159
Service charges - electricity revenue										
Total Service charges - electricity revenue	11,255,135	13,138,753	14,550,011	14,867,414	14,830,927	14,830,927	14,830,927	15,692,889	16,980,819	18,188,508
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>		254,226	311,575	330,862	330,862	330,862	330,862	364,748	398,579	433,758
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	39,501	1,058,228	1,332,126	1,424,305	1,424,305	1,424,305	1,424,305	1,595,189	1,679,923	1,583,465
Net Service charges - electricity revenue	11,215,634	11,826,299	12,906,311	13,112,247	13,075,760	13,075,760	13,075,760	13,732,952	14,902,317	16,171,284
Service charges - water revenue										
Total Service charges - water revenue	3,686,669	4,035,331	4,408,797	4,517,174	4,436,350	4,436,350	4,436,350	4,928,243	5,612,887	6,237,417
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>	353,275	418,454	446,975	456,770	456,770	456,770	456,770	324,201	365,663	411,702
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	362,728	399,710	566,241	465,587	465,587	465,587	465,587	484,506	667,080	733,590
Net Service charges - water revenue	2,970,665	3,217,167	3,395,581	3,594,817	3,513,993	3,513,993	3,513,993	4,119,535	4,580,143	5,092,126
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	1,427,248	1,592,236	1,650,182	1,988,627	1,988,627	1,988,627	1,988,627	2,148,168	2,358,772	2,589,789
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>	267,046	303,013	319,903	339,709	339,709	339,709	339,709	231,994	259,436	289,597
<i>less Cost of Free Basis Services (free sanitation service to indigent)</i>	155,058	234,555	220,607	304,690	304,690	304,690	304,690	321,366	345,067	370,515
Net Service charges - sanitation revenue	1,005,144	1,054,668	1,109,672	1,344,228	1,344,228	1,344,228	1,344,228	1,594,808	1,754,269	1,929,676
Service charges - refuse revenue										
Total refuse removal revenue	1,083,979	1,175,509	1,530,096	1,549,933	1,549,933	1,549,933	1,549,933	1,629,968	1,753,978	1,888,078
Total landfill revenue										
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>										
<i>less Cost of Free Basis Services (removed once a week to indigent)</i>	43,000	214,061	256,567	269,577	269,577	269,577	269,577	291,072	301,317	311,986
Net Service charges - refuse revenue	1,040,979	961,447	1,273,529	1,280,355	1,280,355	1,280,355	1,280,355	1,338,897	1,452,661	1,576,092
Other Revenue by source										
Fuel Levy	-	-	-							
Sale Of Goods & Services	-	-	-	1,153,392	1,153,392	1,153,392	1,153,392	1,326,300	1,442,110	1,555,702
Other Revenue	193,547	160,717	157,024	24,475	24,475	24,475	24,475	24,281	25,538	26,856
Total 'Other' Revenue	193,547	160,717	157,024	1,177,867	1,177,867	1,177,867	1,177,867	1,350,581	1,467,648	1,582,558

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	4,069,358	3,997,824	3,779,847	4,597,722	4,648,682	4,648,682	4,648,682	6,543,761	7,142,824	7,817,204
Pension and UIF Contributions	720,311	718,555	870,157	1,035,723	1,035,472	1,035,472	1,035,472	1,085,467	1,188,248	1,300,498
Medical Aid Contributions	427,026	668,413	321,625	406,700	406,700	406,700	406,700	484,898	530,953	581,378
Overtime	512,118	638,657	734,664	496,606	422,930	422,930	422,930	237,375	259,936	284,235
Performance Bonus	–	–	–	427,713	427,713	427,713	427,713	12,028	12,545	14,123
Motor Vehicle Allowance	–	208,394	222,265	263,059	262,879	262,879	262,879	278,135	304,365	333,173
Cellphone Allowance	16,833	17,384	18,797	21,014	21,011	21,011	21,011	22,918	25,006	27,268
Housing Allowances	–	57,074	56,173	76,200	76,200	76,200	76,200	85,856	93,940	102,838
Other benefits and allowances	–	–	–	608,718	535,012	535,012	535,012	–	–	–
Payments in lieu of leave	–	105,370	120,245	242,841	242,783	242,783	242,783	25,831	28,020	30,493
Long service awards	(89,109)	(5,541)	(45,339)	21,340	21,340	21,340	21,340	9,604	10,675	11,649
Post-retirement benefit obligations	–	–	–	32,585	32,585	32,585	32,585	99,156	110,485	121,236
sub-total	5,656,536	6,406,130	6,078,432	8,230,219	8,133,305	8,133,305	8,133,305	8,885,030	9,706,998	10,624,096
Less: Employees costs capitalised to PPE	69,186	67,709	27,427	176,696	176,696	176,696	176,696	176,696	193,500	211,902
Total Employee related costs	5,587,350	6,338,421	6,051,006	8,053,523	7,956,609	7,956,609	7,956,609	8,708,334	9,513,498	10,412,194
Contributions recognised - capital										
Total Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	1,869,308	1,696,675	1,885,512	2,066,110	2,066,110	2,066,110	2,066,110	2,374,971	2,552,783	2,741,981
Lease amortisation	9,989	447,396	128,285	10,596	10,596	10,596	10,596	10,369	11,090	11,861
Capital asset impairment	178,083	–	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation of	–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	2,057,381	2,144,071	2,013,797	2,076,706	2,076,706	2,076,706	2,076,706	2,385,339	2,563,873	2,753,842
Bulk purchases										
Electricity Bulk Purchases	7,505,403	8,560,732	9,253,233	9,193,632	9,293,632	9,293,632	9,293,632	10,028,837	11,031,721	12,024,576
Water Bulk Purchases	2,713,105	3,101,424	3,149,278	3,027,824	3,027,824	3,027,824	3,027,824	3,450,508	3,897,693	4,402,835
Total bulk purchases	10,218,508	11,662,156	12,402,511	12,221,456	12,321,455	12,321,455	12,321,455	13,479,345	14,929,414	16,427,410
Transfers and grants										
Cash transfers and grants	557,437	568,811	617,138	484,724	815,932	815,932	815,932	897,027	804,004	845,457
Non-cash transfers and grants	610,122	527,666	589,492	–	–	–	–	–	–	–
Total transfers and grants	1,167,559	1,096,477	1,206,630	484,724	815,932	815,932	815,932	897,027	804,004	845,457
Contracted services										
Contractors	714,568	856,564	1,061,354	1,424,564	1,496,899	1,496,899	1,496,899	1,616,787	1,720,851	1,826,571
Outsourced Services	–	–	–	2,019,180	2,074,382	2,074,382	2,074,382	2,170,472	2,327,345	2,458,388
Consultants & Professionals	–	–	–	460,982	505,872	505,872	505,872	292,954	268,517	247,919
sub-total	714,568	856,564	1,061,354	3,904,725	4,077,153	4,077,153	4,077,153	4,080,213	4,316,714	4,532,879
Allocations to organs of state:										
Electricity	–	–	–	–	–	–	–	–	–	–
Water	–	–	–	–	–	–	–	–	–	–
Sanitation	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total contracted services	714,568	856,564	1,061,354	3,904,725	4,077,153	4,077,153	4,077,153	4,080,213	4,316,714	4,532,879

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
EXPENDITURE ITEMS:										
<u>Other Expenditure By Type</u>										
Collection costs	148,107	116,163	145,194	74,487	78,948	78,948	78,948	72,514	79,072	89,816
Contributions to 'other' provisions	-	-	-							
Consultant fees	125,011	131,949	164,563							
Audit fees	19,529	20,932	18,204	22,232	23,482	23,482	23,482	16,890	17,096	17,317
General expenses	371,139	313,722	340,696	520,246	520,284	520,284	520,284	476,501	513,193	549,464
Rental of Equipment	217	255	163	8,764	8,840	8,840	8,840	10,672	11,579	12,424
Vehicle - Fuel	135,524	136,138	143,716	148,629	151,264	151,264	151,264	141,944	141,944	141,944
Service Connections	62,888	57,722	49,317							
Special Events	89,173	106,662	104,792							
Telephone	46,262	58,331	16,470	67,648	65,036	65,036	65,036	50,807	51,517	52,221
License Software	38,673	44,926	61,643	130,775	129,903	129,903	129,903	66,797	66,918	66,979
Printing & Stationery	43,599	51,391	45,716	3,598	3,880	3,880	3,880	3,418	3,553	3,765
Insurance Premium	26,335	24,321	34,265	47,756	49,999	49,999	49,999	48,630	49,008	50,076
Training Claimable	17,212	11,417	17,377							
Refuse Bins Bags & Containers	44,325	61,353	47,509							
Land Invasion Relocation	3,515	4,781	13,654	28,735	23,735	23,735	23,735	22,692	22,692	22,692
Community Development Projects	20,385	23,818	75,949							
Uniforms & Protective Clothing	34,571	56,698	59,134	58,491	63,086	63,086	63,086	36,524	39,193	39,742
Hire of Vehicles	11,558	22,812	421	3,441	2,836	2,836	2,836	5,410	5,911	6,490
Postage	22,056	24,870	28,511	20,013	30,387	30,387	30,387	46,825	46,816	46,817
Rental of Buildings & Facilities	15,989	16,509	21,369	32,727	33,787	33,787	33,787	21,974	24,188	26,524
Community Based Programmes	93,291	84,625	56,685							
General Consumables	32,597	34,374	27,143							
Software Development	3,256	8,602	4,811	14,724	14,467	14,467	14,467	14,545	14,545	14,545
Membership Fees	11,955	15,081	14,487	15,178	15,208	15,208	15,208	7,424	7,600	7,910
Network Extensions	11,366	8,938	64,633							
Operational Grants and Internal Charges	-	93,526	207,399	101,690	109,689	109,689	109,689	105,162	105,205	105,296
Total 'Other' Expenditure	1,428,532	1,529,914	1,763,820	1,299,135	1,324,831	1,324,831	1,324,831	1,148,730	1,200,031	1,254,021

Table 97 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EKU Ekurhuleni Metro - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																
Description	Vote 1 - Executive and Council	Vote 2 - Finance and Corporate Services	Vote 3 - Energy	Vote 4 - Water and Sanitation	Vote 5 - Waste Management	Vote 6 - Human Settlements	Vote 7 - City Planning	Vote 8 - Economic Development	Vote 9 - Disaster and Emergency Management	Vote 10 - Sports, Recreation, Arts & Culture	Vote 11 - Health and Social Development	Vote 12 - Environmental Resource Management	Vote 13 - Ekurhuleni Metropolitan Police	Vote 14 - Transport Planning & Provisioning	Vote 15 - Roads and Stormwater	Total
R thousand																
Revenue By Source																
Property rates	5,615,665	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,615,665
Service charges - electricity revenue	-	-	13,732,952	-	-	-	-	-	-	-	-	-	-	-	-	13,732,952
Service charges - water revenue	-	-	-	4,119,535	-	-	-	-	-	-	-	-	-	-	-	4,119,535
Service charges - sanitation revenue	-	-	-	1,594,808	-	-	-	-	-	-	-	-	-	-	-	1,594,808
Service charges - refuse revenue	-	-	-	-	1,338,897	-	-	-	-	-	-	-	-	-	-	1,338,897
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	5,763	-	4,069	-	739	110,500	-	2,285	-	2,540	-	139	-	-	1,727	127,763
Interest earned - external investments	127,200	286,200	-	3,000	-	5,740	-	28	-	-	-	-	-	400	-	402,568
Interest earned - outstanding debtors	23,534	53,506	84,800	311,306	50,000	359	-	-	-	-	-	-	-	-	-	523,506
Dividends received	-	-	-	92	-	-	-	-	-	-	-	-	-	-	-	92
Fines, penalties and forfeits	-	-	7,562	1,178	-	-	-	-	-	413	-	-	129,044	-	-	138,197
Licences and permits	338,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338,745
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	74,104	12,000	18,454	986,772	145	20,298	32	22,119	16,326	840	2,146	31,718	1,140	137,333	27,155	1,350,581
Transfers and subsidies	305,228	2,405,514	552,582	1,714,401	554,081	176,900	-	25,054	-	5,000	23,757	-	-	236,833	15,000	6,014,349
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers)	6,490,239	2,757,220	14,400,418	8,731,092	1,943,862	313,797	32	49,486	16,326	8,793	25,903	31,857	130,184	374,566	43,881	35,317,657
Expenditure By Type																
Employee related costs	3,503,957	359,151	403,083	762,237	395,605	397,072	47,094	155,643	413,590	399,966	243,003	135,698	1,080,442	146,820	264,972	8,708,334
Remuneration of councillors	151,062	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,062
Debt impairment	361,425	-	862,905	179,622	40,226	8,904	-	-	-	-	-	-	-	-	-	1,453,081
Depreciation & asset impairment	582,319	79,917	463,486	195,147	41,427	54,012	979	4,201	-	104,004	28,600	24,392	-	2,379	804,477	2,385,339
Finance charges	20,000	342,866	94,480	191,789	68,368	49,396	-	38,848	-	-	-	-	-	36,126	150,175	992,048
Bulk purchases	-	-	10,028,837	3,450,508	-	-	-	-	-	-	-	-	-	-	-	13,479,345
Other materials	162,661	17,900	675,258	569,234	152,964	192,664	1,233	13,003	10,499	34,867	3,580	11,353	26,703	39,502	35,329	1,946,750
Contracted services	452,817	179,120	440,212	919,880	421,827	218,669	91,534	4,640	4,233	45,619	6,424	5,124	324,013	293,270	672,832	4,080,213
Transfers and subsidies	106,977	-	-	664,640	-	82,400	-	-	-	-	-	-	-	43,000	-	897,027
Other expenditure	389,596	170,349	25,226	256,184	46,340	55,734	6,889	4,045	18,247	14,633	14,476	3,852	87,184	42,192	13,783	1,148,730
Loss on disposal of PPE	14,578	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,578
Total Expenditure	5,745,393	1,149,303	12,993,486	7,189,241	1,166,758	1,058,850	147,730	220,379	446,569	599,088	296,083	180,419	1,518,343	603,299	1,941,568	35,256,508
Surplus/(Deficit)	744,847	1,607,917	1,406,931	1,541,852	777,104	(745,052)	(147,698)	(170,894)	(430,243)	(590,295)	(270,180)	(148,562)	(1,388,158)	(228,733)	(1,897,687)	61,149
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	270,000	-	289,000	112,500	5,000	987,321	-	-	-	8,700	-	-	-	478,048	108,600	2,259,169
Surplus/(Deficit) after capital transfers & contributions	1,014,847	1,607,917	1,695,931	1,654,352	782,104	242,268	(147,698)	(170,894)	(430,243)	(581,595)	(270,180)	(148,562)	(1,388,158)	249,315	(1,789,087)	2,302,318

Table 98 MBRR Table SA3 – Supporting detail to Statement of Financial Position)

EKU Ekurhuleni Metro - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
ASSETS										
<u>Call investment deposits</u>	115,978	147,021	116,917	143,070	160,289	160,289	160,289	126,270	1,750,741	170,465
Other current investments	115,978	147,021	116,917	143,070	160,289	160,289	160,289	126,270	1,750,741	170,465
Total Call investment deposits										
<u>Consumer debtors</u>	13,531,146	13,222,638	15,235,339	15,842,558	15,960,486	15,960,486	15,960,486	13,895,077	15,016,954	16,242,870
Consumer debtors	(9,144,329)	(7,966,251)	(10,456,750)	(11,584,733)	(11,584,733)	(11,584,733)	(11,584,733)	(10,384,281)	(11,521,414)	(12,724,279)
Less: Provision for debt impairment	4,386,818	5,256,387	4,778,588	4,257,825	4,375,753	4,375,753	4,375,753	3,510,796	3,495,540	3,518,591
Total Consumer debtors										
<u>Debt impairment provision</u>	8,371,490	9,144,329	7,966,251	10,000,887	10,000,887	10,000,887	10,000,887	(9,111,628)	(10,185,811)	(11,345,818)
Balance at the beginning of the year	2,164,385	1,447,472	3,148,640	1,583,845	1,583,845	1,583,845	1,583,845	(1,005,125)	(1,084,678)	(1,170,500)
Contributions to the provision	(1,391,547)	(2,625,549)	(658,141)					(267,528)	(250,925)	(207,961)
Bad debts written off	9,144,329	7,966,251	10,456,750	11,584,733	11,584,733	11,584,733	11,584,733	(10,384,281)	(11,521,414)	(12,724,279)
Balance at end of year										
<u>Property, plant and equipment (PPE)</u>	59,308,228	62,483,515	66,543,889	68,208,098	70,227,134	70,227,134	70,227,134	63,645,389	67,198,143	71,064,002
PPE at cost/valuation (excl. finance leases)					-	-	-	-	-	-
Leases recognised as PPE	13,703,049	15,386,161	17,256,110	15,912,991	15,807,971	15,807,971	15,807,971	3,452,711	3,649,023	3,929,300
Less: Accumulated depreciation	45,605,179	47,097,355	49,287,779	52,295,108	54,419,163	54,419,163	54,419,163	60,192,678	63,549,120	67,134,702
LIABILITIES										
<u>Current liabilities - Borrowing</u>	-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities	368,432	384,807	402,710	316,839	346,429	346,429	346,429	420,173	343,366	1,965,911
Total Current liabilities - Borrowing										
<u>Trade and other payables</u>	5,345,409	6,627,731	6,727,303	7,479,039	7,534,684	6,234,684	6,234,684	6,677,517	7,011,393	7,361,962
Trade and other creditors	553,046	433,286	113,409		12,683	12,683	12,683	-	-	-
<u>Non current liabilities - Borrowing</u>	5,411,930	5,050,855	4,669,348	8,438,845	9,604,298	8,786,772	8,786,772	11,742,086	14,985,949	16,356,934
Borrowing										
Finance leases (including PPP asset element)	5,411,930	5,050,855	4,669,348	8,438,845	9,604,298	8,786,772	8,786,772	11,742,086	14,985,949	16,356,934
Total Non current liabilities - Borrowing										
<u>Provisions - non-current</u>	2,049,899	2,527,235	2,138,635	2,462,663	2,462,663	2,462,663	2,462,663	2,548,437	2,714,085	2,849,789
List other major provision items	302,574	362,686	394,397	924,856	924,856	924,856	924,856	478,541	478,541	478,541
Refuse landfill site rehabilitation	546,729	584,025	439,649	-	32,867	32,867	32,867	411,837	411,837	411,837
Other										
Total Provisions - non-current	2,899,201	3,473,946	2,972,681	3,387,519	3,420,385	3,420,385	3,420,385	3,438,815	3,604,463	3,740,167
CHANGES IN NET ASSETS										
<u>Accumulated Surplus/(Deficit)</u>										
Accumulated Surplus/(Deficit) - opening balance	41,689,676	44,912,387	46,322,970	46,554,724	51,736,119	50,497,923	50,497,923	48,881,320	49,036,015	48,980,852
GRAP adjustments	1,164,889	(560,828)								
Restated balance	42,854,566	44,351,559	46,322,970	46,554,724	51,736,119	50,497,923	50,497,923	48,881,320	49,036,015	48,980,852
Surplus/(Deficit)	2,057,822	1,971,411	1,251,969	2,354,830	2,337,289	2,337,289	2,337,289	2,260,329	2,284,618	2,438,600
Accumulated Surplus/(Deficit)	44,912,387	46,322,970	47,574,940	48,909,553	54,073,408	52,835,213	52,835,213	51,141,650	51,320,633	51,419,453
TOTAL COMMUNITY WEALTH/EQUITY	44,912,387	46,322,970	47,574,940	48,909,553	54,073,408	52,835,213	52,835,213	51,141,650	51,320,633	51,419,453

Table 99 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

EKU Ekurhuleni Metro - Supporting Table SA9 Social, economic and demographic statistics and assumptions											
Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics	3.14% growth rate	2480000	2724000	3178470	3485000	3603490	3711594.7	3822942.54	3937630.817	4055759.74	4183110.598
Population		200	220	225	247	255	263	271	279	287	296
Females aged 5 - 14		196	213	230	252	261	268	276	285	293	302
Males aged 5 - 14		489	502	640	702	726	748	770	793	817	843
Females aged 15 - 34		532	536	711	780	807	831	856	881	908	936
Males aged 15 - 34		332	434	456	500	517	532	548	565	582	600
Unemployment											
(no. of households)	Census 2011	1,266	1,304	1,343	1474	1524	1569.72	1616.8116	1665.315948	1715.27543	1769.135075
No income	3.14% growth rate	615	633	652	715	739	761	784	808	832	858
R1 - R1 600		242	250	257	282	292	301	310	319	329	339
R1 601 - R3 200		204	210	216	238	246	253	261	269	277	286
R3 201 - R6 400		163	168	173	190	196	202	208	214	221	228
R6 401 - R12 800		123	127	131	144	149	153	158	163	168	173
R12 801 - R25 600		52	53	55	607	628	647	666	686	707	729
R25 601 - R51 200		15	16	16	33	34	35	36	37	38	39
R52 201 - R102 400		5	5	5	6	6	6	6	7	7	7
R102 401 - R204 800		4	4	4	4	4	4	4	4	5	5
R204 801 - R409 600		-	-	-	-	-	-	-	-	-	-
R409 601 - R819 200		-	-	-	-	-	-	-	-	-	-
> R819 200											
households)											
< R2 060 per household per		502	517	533	603.00	623.00	641.00	661.00	681.00	701.43	701.43
Insert description											
Household/demographics (000)		2,996	3,085	3,178	3,486,000	3,604,524	3,712,660	3,712,660	3,938,761	4,056,924	4,056,924
Number of people in											
Number of poor people in		957	985	1,015	1,114	1,152	1,186	1,186	1,259	1,296	1,296
Number of households in		502	517	533	603	623	642	642	681	701	701
Number of poor households		<=R2300	<=R2300	<=R2300	<=2524 P/M	<=2840P/M	<=3124P/M	<=3436P/M	<=3779P/M	<=4157P/M	<=4157P/M
Definition of poor household											
Housing statistics		731	754	777	853	882	908	936	964	993	993
Formal		224	231	238	261	270	278	286	295	304	304
Informal		955	985	1,015	1,080	1,114	1,152	1,186	1,222	1,259	1,296
Total number of households											

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA9 Social, economic and demographic statistics and assumptions									
	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2018/19	Budget Year +2 2019/20	Budget Year +2 2020/21
Household service targets (000)									
<u>Water:</u>									
Piped water inside dwelling	507,258	508,458	509,658	510,858	510,858	510,858	512,058	513,258	514,458
Piped water inside yard (but not in dwelling)	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762
Using public tap (at least min.service level)	119,217	119,217	119,317	119,417	119,417	119,417	119,417	119,417	119,417
Other water supply (at least min.service level)	2,211	2,211	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	1,010,448	1,011,648	1,010,737	1,012,037	1,012,037	1,012,037	1,013,237	1,014,437	1,015,637
Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
No water supply	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
Total number of households	1,021,759	1,022,959	1,022,048	1,023,348	1,023,348	1,023,348	1,024,548	1,025,748	1,026,948
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	508,458	509,658	510,858	512,058	512,058	512,058	513,258	514,458	515,658
Flush toilet (with septic tank)	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429
Chemical toilet	217,245	217,245	217,245	217,245	217,245	217,245	237,245	257,245	277,245
Pit toilet (ventilated)	80,613	80,613	80,613	80,613	80,613	80,613	60,613	40,613	20,613
Other toilet provisions (> min.service level)	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824
<i>Minimum Service Level and Above sub-total</i>	989,569	990,769	991,969	993,169	993,169	993,169	994,369	995,569	996,769
Bucket toilet	–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594
No toilet provisions	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806
<i>Below Minimum Service Level sub-total</i>	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
Total number of households	1,024,969	1,026,169	1,027,369	1,028,569	1,028,569	1,028,569	1,029,769	1,030,969	1,032,169
<u>Energy:</u>									
Electricity (at least min.service level)	150,000	150,000	150,000	108,206	108,206	99,462	109,462	119,462	129,462
Electricity - prepaid (min.service level)	394,101	394,101	398,042	454,007	454,007	456,497	466,497	476,497	486,497
<i>Minimum Service Level and Above sub-total</i>	544,101	544,101	548,042	562,213	562,213	555,959	575,959	595,959	615,959
Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	27,000	27,000	27,000	10,000	10,000	10,000	10,000	10,000	10,000
<i>Below Minimum Service Level sub-total</i>	27,000	27,000	27,000	10,000	10,000	10,000	10,000	10,000	10,000
Total number of households	571,101	571,101	575,042	572,213	572,213	565,959	585,959	605,959	625,959
<u>Refuse:</u>									
Removed at least once a week	652,498	652,498	668,158	681,000	689,477	689,477	699,477	709,477	719,477
<i>Minimum Service Level and Above sub-total</i>	652,498	652,498	668,158	681,000	689,477	689,477	699,477	709,477	719,477
Removed less frequently than once a week	–	–	–	–	–	–	–	–	–
Using communal refuse dump	164,699	164,699	164,699	164,399	164,699	164,699	164,718	164,718	164,718
<i>Below Minimum Service Level sub-total</i>	164,699	164,699	164,699	164,399	164,699	164,699	164,718	164,718	164,718
Total number of households	817,197	817,197	832,857	845,399	854,176	854,176	864,195	874,195	884,195

Table 100 MBRR Table S32 – List of external Mechanisms

EKU Ekurhuleni Metro - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
Name of organisation		Number			
1. R & G INDUSTRIAL SUPPLY CC 2. SPHANDILE TRADING ENTERPRISE (PTY) LTD 3. ACTOM (PTY) LTD T/A GENLUX LIGHTING A DIVISION OF ACTOM (PTY) LTD 4. SCHICK SERVICES CC	18mths	18	THE SUPPLY, DELIVERY AND OFF-LOADING OF STREETLIGHT AND FLOODLIGHT LUMINAIRES ON AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2018	30 June 2018	36,000
1. BVUMI INVESTMENTS CC 2. ZEE RECRUITMENT AGENCY CC	29mths	29	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE RENDERING OF THE COMPREHENSIVE REFUSE REMOVAL SERVICES INCLUDING STREET CLEANING, SWEEPING, LITTER PICKING, REFUSE COLLECTION, REMOVAL OF ILLEGALLY DUMPED WASTE, EDUCATION AND AWARENESS AND RECYCLING SERVICES WITHIN THE BOUNDARIES OF	30 June 2019	33,875
1. IMBAWULA TECHNICAL SERVICES CC 2. FULL SERVE SERVICES (PTY) LTD 3. AMPCOR KHANYISA (PTY) LTD 4. SECRETE STEPS TRADING (PTY) LTD 5. RFR ELECTRICAL CONTRACTORS	17mths	17	THE REPAIR AND MAINTENANCE OF LOW VOLTAGE AND MEDIUM VOLTAGE UNDERGROUND CABLE NETWORKS UP TO 22kV INCLUDING COPPER AND OPTIC FIBRE PILOT CABLES FOR THE NETWORK, LOAD MANAGEMENT AND SCADA ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2018	30 June 2018	543,674
1. SRY ENVIRONMENT PEST CONTROL AND PROJECTS CC 2. MZOZU TRADING ENTERPRISE CC 3. WARTHOG PROMOTIONS CC	17mths	17	THE SUPPLY, DELIVERY AND OFF-LOADING OF REFUSE BAGS, ON AN AS AND WHEN REQUIRED BASIS FOR A PERIOD WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2018	30 June 2018	30,000
1. Tshwane Cables (Pty) Ltd 2. Alulamp CC 3. PH Marketing (Pty) Ltd 4. Medupe Distributors (Pty) Ltd 5. ATC (Pty) Ltd t/a Tank Industries and African	17mths	17	THE SUPPLY, DELIVERY AND OFF-LOADING OF MEDIUM VOLTAGE CABLE ACCESSORIES FOR XLPE AND IMPREGNATED PAPER- INSULATED POWER CABLES INCLUDING 110 & 160 MM CORRUGATED HIGH-DENSITY POLYETHYLENE (HDPE) PIPES ON AN AS-AND-WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30	30 June 2018	38,000
1. BSA Holdings (Pty) Ltd 2. Memotek Trading CC	29mths	29	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE SUPPLY, DELIVERY AND OFF-LOADING OF NEW METAL-ENCLOSED RING MAIN UNITS (RMU) ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	133,000
1. Aberdare Cables (Pty) Ltd 2. Jupiter Electrical Wholesalers CC 3. ATC (Pty) Ltd t/a CBI-Electric: African Cables A Division of ATC (Pty)	29mths	29	THE SUPPLY, DELIVERY AND OFF-LOADING OF SINGLE-CORE AND THREE-CORE MASS-IMPREGNATED NON-DRAINING (MIND) PAPER- INSULATED LEAD-SHEATHED (PILC) AND SINGLE-CORE AND THREE- CORE CROSS LINK POLYETHYLENE (XLPE) MEDIUM VOLTAGE CABLES	30 June 2019	850,000
1. McCarthy T/A Bidvest McCarthy Isuzu Trucks (Pty) Ltd 2. Vomagise Consulting (Pty) Ltd 3. Phambili Services (Pty) Ltd	29mths	29	THE APPOINTMENT OF SERVICES PROVIDER FOR THE SUPPLY AND DELIVERY OF COMPACTORS, SKIP LOADERS, ROLL ON ROLL OFF, TRAILERS AND TRUCKS ON OUTRIGHT PURCHASE ON AN AS-AND- WHEN REQUIRED BASIS, FROM DATE OF AWARD UNTIL 30 JUNE 2019.	30 June 2019	110,000
1. Only-J Electrical 2. Oratile Consulting CC 3. Future Advertising and Marketing CC 4. Gentry Health CC	28mths	28	THE SUPPLY, DELIVERY AND OFF-LOADING OF VARIOUS SURGICAL PRODUCTS TO HEALTH FACILITIES ON AN AS-AND- WHEN REQUIRED UNTIL 30 JUNE 2019	30 June 2019	29,054
ACTOM (PTY) LTD T/A SWITCHGEAR DIVISION	28mths	28	THE APPOINTMENT OF A SERVICE PROVIDER FOR SUPPLY, DELIVERY AND OFF-LOADING OF MINIATURE SUBSTATIONS ON AN AS- AND-WHEN REQUIRED BASIS FOR A PERIOD WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	195,000
1. Well Earned Trading 14 CC 2. Civcon Construction (PTY) LTD	27mths	27	THE APPOINTMENT OF CONTRACTORS FOR CONSTRUCTION OF BRT STATIONS FOR PHASE 1 OF THE EKURHULENI IRPTN DUE TO THE TERMINATION OF CONTRACTS FOR THE SECOND AND THIRD HIGHEST SCORING BIDDERS	30 June 2019	57,770
1. RALEMA CONSULTING ENGINEERS PTY LTD 2. CIVEC CIVIL ENGINEERING CONSULTANTS CC 3. SIDO CONSULTING ENGINEERS 4. AKWETHU ENGINEERING AND DEVELOPMENT	28mths	28	THE APPOINTMENT OF CONSULTING ENGINEERS FOR THE AS AND WHEN REQUIRED DESIGN OF ROADS AND STORMWATER DRAINAGE PROJECTS AND THE MANAGEMENT OF CONTRACTORS FOR THE CONSTRUCTION OF VARIOUS PROJECTS IN EKURHULENI FOR A	30 June 2019	300,000

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
FLEET HORIZON (PTY) LTD	28mths	28	DEPARTMENT: FINANCE: REQUEST TO OBTAIN APPROVAL FROM THE CITY MANAGER TO DISPENSE WITH OFFICIAL PROCUREMENT PROCESS TO PROCURE THE SERVICES OF A CONTRACT OF ANOTHER ORGAN OF STATE IN TERMS OF SECTION 32 OF THE SUPPLY CHAIN	30 June 2019	
SMALL ENTERPRISES DEVELOPMENT AGENCY CONSTRUCTION INCUBATOR (SECI) A TRUSTEE OF SMALL ENTERPRISES DEVELOPMENT AGENCY (SEDA)	28mths	28	ECONOMIC DEVELOPMENT DEPARTMENT: REQUEST FOR APPROVAL FROM THE CITY MANAGER FOR THE APPOINTMENT OF THE SMALL ENTERPRISES CONSTRUCTION INCUBATOR (SECI), A TRUSTEE OF THE SMALL ENTERPRISES DEVELOPMENT AGENCY AS PROGRAMME	30 June 2019	35,527
PRICEWATERHOUSECOOPERS INCORPORATED	16mths	16	ENTERPRISE PROJECT MANAGEMENT OFFICE (EPMO) DEPARTMENT: TO OBTAIN APPROVAL FROM THE CITY MANAGER IN TERMS OF PARAGRAPH 32 OF THE SUPPLY CHAIN MANAGEMENT REGULATIONS FOR APPOINTMENT OF A SUITABLE QUALIFIED AND EXPERIENCED MULTI-DISCIPLINARY PROFESSIONAL SERVICE PROVIDER FOR THE ESTABLISHMENT AND OPERATION OF A PROGRAMME MANAGEMENT OFFICE SECURED BY ANOTHER ORGAN OF STATE, CITY OF	30 June 2018	58,532
Lucazi Civil CC	28mths	28	APPOINTMENT OF A CONTRACTOR FOR MAJOR INSTALLATION, REPAIR, MAINTENANCE AND ANCILLARY WORK ON BULK WATER NETWORK IN ALBERTON DEPOT AREA, ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	40,000
Tsekema Consulting Engineers (Pty) Ltd	28mths	28	MANAGEMENT SERVICE PROVIDER TO MANAGE THE STREET AND AREA LIGHTING MAINTENANCE FUNCTION FOR THE BENONI CUSTOMER CARE CENTRE, DAVEYTON, ETWATWA, ACTONVILLE, TAMBOVILLE AND WATTVILLE AREAS, FROM DATE OF AWARD	30 June 2019	17,996
MANOTSI TRADING/ELIAS PAPATE CONSTRUCTION/LMS AND MAMONDO DEVELOPMENT & CONSTRUCTION CONSORTIUM	15mths	15	DEPARTMENT: WATER AND SANITATION: REQUEST TO OBTAIN APPROVAL FROM THE CITY MANAGER TO DISPENSE WITH OFFICIAL PROCUREMENT PROCESS TO PROCURE THE SERVICES OF A CONTRACT OF ANOTHER ORGAN OF STATE DR. JS MOROKA LOCAL	30 June 2018	37,969
RED ANT SECURITY RELOCATION & EVICTION SERVICES (PTY) LTD	15mths	15	DEPARTMENT: HUMAN SETTLEMENTS REQUEST TO OBTAIN APPROVAL FROM THE CITY MANAGER TO DISPENSE WITH OFFICIAL PROCUREMENT PROCESS TO PROCURE THE SERVICES OF A CONTRACT OF ANOTHER ORGAN OF STATE IN TERMS OF SECTION 32 OF THE	30 June 2018	
ZRW MECHANIKA CC	15mths	15	THE SUPPLY, DELIVERY AND OFF-LOADING OF ENERGY DEMAND METERS, SPLIT PREPAYMENT METERS AND ELECTRONIC ENERGY / DEMAND METERS WITH REMOTE METER READING CAPABILITIES AS WELL AS MAINTENANCE PARTS FOR AN EXISTING ADVANCED	30 June 2018	339,176
1. SIYAKHOLWA TRANS AND CONSTRUCTIONS (PTY) LTD 2. ONLY - J ELECTRICAL & CONSTRUCTION CC 3. DINGWATHE GENERAL TRADING (PTY) LTD	27mths	27	APPOINTMENT OF A SERVICE PROVIDER FOR THE SUPPLY, DELIVERY AND OFF-LOADING OF CLINIC EQUIPMENT AND LINEN FOR ALL HEALTH FACILITIES IN THE EKURHULENI METROPOLITAN MUNICIPALITY ON AN AS-AND-WHEN BASIS FROM DATE OF AWARD	30 June 2019	15,353
STATE INFORMATION TECHNOLOGY AGENCY SOC LTD	27mths	27	DEPARTMENT: TO OBTAIN APPROVAL FROM THE CITY MANAGER TO UTILIZE SITA BUSINESS AGREEMENT FOR THE EXPANSION OF THE CURRENT HUMAN CAPITAL MANAGEMENT SYSTEM THROUGH PROCUREMENT OF LICENSES AND DEPLOYMENT OF PAYROLL, E-	30 June 2019	98,442
DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA)	27mths	27	EPMO DEPARTMENT: TO REQUEST APPROVAL FROM THE CITY MANAGER FOR THE APPOINTMENT OF DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA) TO RENDER CAPACITY DEVELOPMENT TECHNICAL SUPPORT AND IMPLEMENTATION OF	30 June 2019	3,841,529
Lateral Unison Insurance Brokers (Pty) Ltd	27mths	27	APPOINTMENT OF BROKER SERVICES RELATED TO SHORT TERM INSURANCE AND RISK SERVICES FOR THE PERIOD FROM 1 APRIL 2017 UNTIL 30 JUNE 2020, BUT AWARDED UNTIL 30 JUNE 2019	30 June 2019	44,275
1. NONGQAI POWER PRODUCTS CC 2. BUSHHOG TURF EQUIPMENT SACC. T/ADENIS MOWER 3. XAMHUNTI GENERAL TRADING ENTERPRISE CC	25mths	25	APPOINTMENT OF SERVICE PROVIDERS FOR SUPPLY, DELIVERY AND OFF-LOADING OF VARIOUS GRASS CUTTING, TREE CUTTING AND ANCILLARY EQUIPMENT, ON AN AS-AND-WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	32,550
1. QUBEKELA PROJECTS CC 2. NEJENI CONSTRUCTION AND PROJECT MANAGEMENT CC	13mths	13	APPOINTMENT OF A CONTRACTOR FOR MAJOR INSTALLATION, REPAIR, MAINTENANCE AND ANCILLARY WORK ON BULK WATER NETWORK OF BRAKPAN AND NIGEL DEPOT AREAS, ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2018	43,300
ADREACH (PTY) LTD	50mths	50	THE DESIGN, MANUFACTURE, SUPPLY, ERECTION, MANAGEMENT AND MAINTENANCE OF COMMERCIAL STREET LIGHT POLE ADVERTISEMENT RECEPTACLES IN LIEU OF THE RIGHT TO ADVERTISE ON THE ADVERTISEMENT PANELS FROM DATE OF AWARD	30 June 2021	13,720

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
Name of organisation		Number			
PRIMEDIA (PTY) LTD T/A PRIMEDIA OUTDOOR DIVISION OF PRIMEDIA (PTY) LTD	49mths	49	THE DESIGN, MANUFACTURE, SUPPLY, ERECTION, MANAGEMENT AND MAINTENANCE OF STREET NAME ADVERTISING SIGNS FOR EKURHULENI METROPOLITAN MUNICIPALITY FOR A PERIOD FROM DATE OF AWARD UNTIL 30 JUNE 2021	30 June 2021	7,864
• JUPITER ELECTRICAL WHOLESALERS CC • KENNY RONNY CONSULTING CC T/A KENNY RONNY PROJECTS • ABERDARE CABLES (PTY) LTD	14mths	14	SUPPLY, DELIVERY AND OFF-LOADING OF LOW VOLTAGE CABLES ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	405,000
(PTY) LTD 2. THE LANDOMARK CONSORTIUM 3. NEOGESI ENERGY (PTY) LTD 4. HAMSA CONSULTING ENGINEERS CC			REQUEST FOR PROPOSAL: EKURHULENI ENERGY GENERATION PROGRAM THROUGH A POWER PURCHASE AGREEMENT FOR A PERIOD OF AT LEAST 20 YEARS		26,011,373
MOKHURANE TECHNOLOGIES (PTY) LTD	14mths	14	DEPARTMENT: INFORMATION AND COMMUNICATION TECHNOLOGY: REQUEST TO OBTAIN APPROVAL FROM THE CITY MANAGER TO DISPENSE WITH OFFICIAL PROCUREMENT PROCESS IN TERMS OF SECTION 32 OF THE SUPPLY CHAIN	30 June 2018	10,000
VARIOUS	25mths	25	THE APPOINTMENT OF MULTIPLE SPECIALIST CONSULTANTS TO RENDER PROFESSIONAL SERVICES IN VARIOUS INFRASTRUCTURE DISCIPLINES ON AN AS AND WHEN REQUIRED BASIS TO SUPPORT THE SUCCESSFUL IMPLEMENTATION OF	30 June 2019	750,000
UTILITY RISK MANAGEMENT (PTY) LTD	37mths	37	APPOINTMENT OF A REMOTE METER SERVICE PROVIDER FROM 01 JULY 2017 UNTIL 30 JUNE 2020.	30 June 2020	100,226
1. FULLSERVE (PTY) LTD 2. MASHAU SALPHINAZA PETROLEUM 3. LIMITLESS WORLD PETROLEUM (PTY) LTD 4. WASSA GASSESS (PTY) LTD VARIOUS	37mths 36mths	37 36	THE SUPPLY, DELIVERY AND OFF-LOADING OF PETROL AND AUTOMOTIVE DIESEL ON AN AS AND WHEN REQUIRED BASIS FROM 01 JULY 2017 UNTIL 30 JUNE 2020. INVITATION TO CONTRACTORS TO FORM PART OF A FRAMEWORK OF CONTRACTORS TO ASSIST THE EMM BUILT ENVIRONMENT WITH THE CONSTRUCTION, UPGRADE AND REPAIR/MAINTENANCE WORKS OF VARIOUS INFRASTRUCTURE	30 June 2020 30 June 2020	285,420 5,000,000
PHUMELELE GROUP & LIGHTSTONE JV	24mths	24	THE APPOINTMENT OF A SERVICE PROVIDER TO RENDER SERVICES FOR THE SUPPLY OF DEEDS REGISTRATION INFORMATION, FOR VARIOUS DEPARTMENTS WITHIN EKURHULENI METROPOLITAN MUNICIPALITY FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	22,550
1. Valuemax (Pty) Ltd 2. Makole Property Developments 3. Urban Dynamics Gauteng Inc 4. Civilchem Engineering Services	13mths	13	HUMAN SETTLEMENT DEPARTMENT: TO REQUEST FOR THE CITY MANAGER'S APPROVAL TO DISPENSE WITH THE OFFICIAL PROCUREMENT PROCESS TO PROCURE SERVICE PROVIDER'S OF ANOTHER ORGAN OF STATE IN TERMS OF REGULATION 32 OF THE SUPPLY CHAIN MANAGEMENT REGULATIONS APPOINTED	30 June 2018	
1. MEMOTEK TRADING CC 2. MPPM CONSULTING ENGINEERS CC 3. ISELWA ENGINEERING AND PROJECTS CC 4. ASATICO CIVIL AND CONSTRUCTION (PTY) LTD	12mths	12	THE APPOINTMENT OF MULTI SERVICE PROVIDERS FOR SUPPLY, DELIVERY AND OFF-LOADING OF CONCRETE PLINTHS ON AN AS AND WHEN REQUIRED BASIS FOR A PERIOD FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	11,000
• MT BUSINESS AND NETWORKS CC • ONLY-J ELECTRICITY AND CONSTRUCTION CC • ACCOLADE ENGINEERS (PTY) LTD	24mths	24	THE MAINTENANCE OF VARIOUS LAKES AND DAMS ON AN AS AND WHEN REQUIRED BASIS BY MEANS OF THE EXPANDED PUBLIC WORKS PROGRAMME, FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	31,639
VARIOUS	24mths	24	THE APPOINTMENT OF A PANEL OF AUDIT FIRMS TO PROVIDE AUDIT AND RISK MANAGEMENT SERVICES ON AN AS AND WHEN REQUIRED BASIS FOR THE PERIOD WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	25,460
VARIOUS	24mths	24	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE GENERAL MAINTENANCE OF VARIOUS CEMETERIES INSIDE AND OUTSIDE FROM DATE OF AWARD UNTIL 30 JUNE 2019 (CLUSTER 1)	30 June 2019	88,900
1. MBHEKO HOLDINGS (PTY) LTD 2. IMBAWULA CIVIL PROJECTS (PTY) LTD 3. XONO CIVIL ENTERPRISES CC 4. URBAN PLAN JV	35mths	35	THE APPOINTMENT OF CONTRACTORS FOR LEAK FIXING SERVICES AT REGISTERED INDIGENT HOUSEHOLDS AND SCHOOLS IN THE EKURHULENI METROPOLITAN MUNICIPALITY ON AN AS-AND-WHEN REQUIRED BASIS, FROM DATE OF AWARD UNTIL 30 JUNE 2020.	30 June 2020	25,400

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Name of organisation		Number			R thousand
BRIDGING DIGITAL DIVIDE GROUP (PTY) LTD	11mths	11	BRIDGING DIGITAL DIVIDE GROUP (PTY) LTD DEPARTMENT: INFORMATION AND COMMUNICATION TECHNOLOGY: REQUEST TO OBTAIN APPROVAL FROM THE CITY MANAGER TO DISPENSE WITH OFFICIAL PROCUREMENT PROCESS IN TERMS OF SECTION 32 OF THE SUPPLY CHAIN MANAGEMENT REGULATIONS TO ASSIST THE DEPARTMENT TO UTILIZE THE CONTRACT FOR THE INSTALLATION OF NETWORK POINTS AND REPAIR AND MAINTENANCE OF THE EXISTING OPTICAL FIBRE NETWORK SECURED BY ANOTHER ORGAN OF STATE: CITY OF TSHWANE, CONTRACT NUMBER GICT 03-2016/17 FOR MAINTENANCE OF THE EXISTING OPTICAL FIBRE NETWORK FROM DATE OF APPOINTMENT UNTIL 31 DECEMBER 2018 OR UNTIL THE NEW CONTRACT FOR FIBRE MAINTENANCE IS APPROVED OR WHICHEVER COMES FIRST.	30 June 2018	40,000
1. KATORUS FIRE SYSTEM (PTY) LTD 2. ACCOLADE ENGINEERS (PTY) LTD 3. SPHANDILE TRADING ENTERPRISE (PTY) LTD 4. ECONOCOM 671 CC 5. DOT FIRE CC	23mths	23	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE MAINTENANCE OF FIRE HYDRANTS THROUGH THE USE OF THE EXPANDED PUBLIC WORKS PROGRAM (EPWP), ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	45,000
REM MAMS CONSTRUCTION AND PROJECTS (PTY) LTD	23mths	23	APPOINTMENT OF A CONTRACTOR FOR THE UPGRADING AND REFURBISHMENT OF THE DAVEYON SWIMMING POOL	30 June 2019	12,367
TSEKEMA CONSULTING ENGINEERS (PTY) LTD	23mths	23	THE APPOINTMENT OF AN ENGINEERING CONSULTING FIRM TO PERFORM THE DUTIES AS A METER MANAGEMENT CONSULTANT TO MANAGE THE EMM'S ELECTRICITY METERS, METER RELATED MATERIALS AND AMR METER READING DATA FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	151,303
BERNHARD HOLDINGS (PTY) LTD	19mths	19	THE SUPPLY AND DELIVERY OF VARIOUS TYPES OF FIRE ARMS FOR EKURHULENI METROPOLITAN POLICE DEPARTMENT (EMPD) ON AS-AND-WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	19,000
1. MPANDLA TRADING 2. DAT MAROESHE CONSTRUCTION 3. BASADI INVESTMENT AND PROJECTS 4. MBHEKO HOLDING PTY LTD 5. JSQN GENERAL DEALER 6. NAMASANGO BUSINESS ENTERPRISE	22mths	22	THE APPOINTMENT OF CONTRACTORS FOR THE LAYING OF VARIOUS TYPES OF PAVING BLOCKS, KERBS AND RELATED ANCILLARY WORKS ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	108,000
1. THORBURN TECHNICAL (PTY) LTD 2. BATSHAIT SOLUTIONS CC 3. MPANDE TECHNOLOGIES CC 4. NT SHEBIK TRADING ENTERPRISE (PTY) LTD 5. FEZ'UMBONO TRADING & PROJECTS CC	22mths	22	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE SUPPLY, DELIVERY AND OFFLOADING OF COMPUTER EQUIPMENT ON AN AS- AND-WHEN BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019.	30 June 2019	12,373
1. KHABOKEDI WASTE MANAGEMENT (PTY) LTD 2. SOUTHERN AMBITION JV OSIAMO 3. SUNGU SUNGU PROJECTS CC	34mths	34	APPOINTMENT OF LANDFILL OPERATORS FOR THE OPERATIONS AND MAINTENANCE OF RIET FONTEIN, ROOIKRAAL AND PLATKOP LANDFILL SITES FROM THE DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	92,067
1. MMAZWI CIVIL AND CONSTRUCTION SERVICES CC 2. VUKUZITHATHE WAREHOUSING AND PROJECTS CC 3. LEGADIMA DISTRIBUTION PTY LTD & ZULU KHOZABROTHERS ENTERPRISES PTY LTD KEDI TECHNOLOGY JV 4. NOKENG-GUNDO WASTE MANAGEMENT JV (PTY) LTD 5. WASTE PARTNER INVESTMENTS (PTY) LTD 6. PHAKALEBOHANG TRADING AND PROJECTS (PTY) LTD 7. MCC SECURITY AND PROJECTS CC 8. BEFORE DAWN PROPERTY DEVELOPERS CC 9. ZFM TRADING CC, 10. NEW ERA COMMERCE (PTY) LTD 11. TBS TRADING (PTY) LTD 12. CAMARNI (PTY) LTD 13. GLOWAX (PTY) LTD 14. LINDWE MULTISERVICES (PTY) LTD 15. GOBOBO TRANSPORT (PTY) LTD 16. XAMHUNTI GENERAL TRADING ENTERPRISE CC 17. ETSANG ENTERPRISE (PTY) LTD	34mths	34	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE REMOVAL, CLEANING AND REHABILITATION OF ILLEGALLY DUMPED NON-TOXIC, NON-OBJECTIONABLE SOLID WASTE AND RUBBLE ON AN AS AND WHEN REQUIRED BASIS WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	96,831

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Name of organisation		Number			R thousand
VARIOUS	22mths	22	THE APPOINTMENT OF A PANEL OF A SUITABLY EXPERIENCED EVENTS MANAGEMENT COMPANIES TO BE PLACED ON A PANEL OF EXPERTS TO ASSIST THE EKURHULENI METROPOLITAN MUNICIPALITY TO RENDER EVENTS MANAGEMENT SERVICE FROM DATE OF AWARD UNTIL 30 JUNE 2019.	30 June 2019	508,450
1. WATER MANAGEMENT SERVICES CC 2. PTP INTEGRATED (PTY) LTD	34mths	34	THE APPOINTMENT OF A SERVICE PROVIDER FOR THE RENEWAL OF eMIS (ENGINEERING MANAGEMENT INFORMATION SYSTEM) ENTERPRISE LICENSING AGREEMENT, SUPPORT AND MAINTENANCE ON AN AS-AND-WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020.	30 June 2020	90,000
VARIOUS	34mths	34	APPOINTMENT OF LANDSCAPE CONTRACTORS ON AN AS-AND- WHEN REQUIRED BASIS FOR VARIOUS PARKS AND CEMETERIES DEVELOPMENT PROJECTS IN EMM FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	184,439
1. EOH (PTY) LTD 2. BMK CONSULTING ENGINEERS (PTY) LTD 3. AGANANG CONSULTING ENGINEERS CC 4. NAIDU (PTY) LTD	22mths	22	THE APPOINTMENT OF PROFESSIONAL SERVICE PROVIDER TO DEVELOP A PAVEMENT MANAGEMENT SYSTEM (PMS) FOR EMM THAT WILL COMPRISE OF ROADS INVENTORY DATA COLLECTION, INSPECTION, ASSESSMENT OF CONDITION AND STRENGTH, AND FORMULATE MAINTENANCE PROGRAMS FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	13,518
1. ABB SOUTH AFRICA (PTY) LTD 2. DIPRO CONSULTING CC 3. SCHWEITZER ENGINEERING LABORATORIES (PTY) LTD 4. WOODBEAM (PTY) LTD	22mths	22	THE APPOINTMENT OF SERVICE PROVIDERS FOR SUPPLY, DELIVERY AND OFF-LOADING OF PROTECTION RELAYS, AUXILIARY EQUIPMENT AND AUTOMATIC VOLTAGE REGULATION RELAYS ON AN AS AND WHEN REQUIRED BASIS FOR A PERIOD FROM DATE OF AWARD UNTIL 30 JUNE 2019.	30 June 2019	9,000
1. NRB PIPING SYSTEMS INLAND (PTY) LTD 2. ELSTER KENT METERING (PTY) LTD 3. SENSUS SOUTH AFRICA (PTY) LTD 4. DAMS & DEALE IRRIGATION (PTY) LTD 5. NOMSANDRA PROJECTS CC	34mths	34	THE SUPPLY, DELIVERY AND OFF-LOADING OF VARIOUS SIZES OF WATER METERS AND RELATED MATERIAL, ON AN AS-AND- WHEN REQUIRED BASIS FROM DATE OF APPOINTMENT UNTIL 30 JUNE 2020, AS ADVERTISED	30 June 2020	200,000
1. LIDWALA CONSULTING ENGINEERS SA (PTY) LTD 2. QONDA EKUKANYENI CONSULTING ENGINEERS & PROJECT MANAGEMENT (PTY) 3. TSEKEMA CONSULTING ENGINEERS (PTY) LTD 4. AURECON SOUTH AFRICA (PTY) LTD 5. SMEC SOUTH AFRICA (PTY) LTD	34mths	34	THE APPOINTMENT OF CONSULTANT ENGINEERS FOR THE MANAGEMENT OF EKURHULENI METROPOLITAN'S WATER METER INSTALLATIONS, DISCONNECTIONS, RESTRICTIONS, RECONNECTIONS AND MAINTENANCE, FROM DATE OF APPOINTMENT UNTIL 30 JUNE 2020	30 June 2020	18,834
XON SYSTEMS (PTY) LTD	34mths	34	DEPARTMENT: INFORMATION, COMMUNICATIONS AND TECHNOLOGY: REQUEST TO OBTAIN APPROVAL FROM THE CITY MANAGER TO PROCURE THE SERVICES OF A CONTRACT OF ANOTHER ORGAN OF STATE (SITA TRANSVERSAL TENDER RFB 2003/2014) IN TERMS OF SECTION 31 OF THE SUPPLY CHAIN MANAGEMENT REGULATIONS FOR APPOINTMENT OF THE SERVICE PROVIDER FOR THE SUPPLY, DELIVERY, INSTALLATION, CONFIGURATION, EXPANSION, SUPPORT AND MAINTENANCE SERVICES OF CONVERGED INFRASTRUCTURE TO PROACTIVELY ACCOMMODATE NEW APPLICATIONS, PROJECTS AND FUTURE DATA GROWTH AS-AND-WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020.	30 June 2020	136,000
ELECT ASSURE SAPTY LTD	34mths	34	THE APPOINTMENT OF A SERVICE PROVIDER FOR THE SUPPLY AND INSTALLATION OF NEW TRAFFIC SIGNAL EQUIPMENT ON AN AS AND WHEN REQUIRED BASIS WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	14,822
1. MEGAPHASE TRADING 380 (PTY) LTD 2. C.M.J AGENCY CC 3. FIREFIGHTING LOGISTICS CC 4. SPHANDILE TRADING ENTERPRISE (PTY) LTD	21mths	21	THE SUPPLY, DELIVERY AND OFF-LOADING OF UNIFORM CLOTHING FOR EMERGENCY SERVICES PERSONNEL ON AN AS AND WHEN REQUIRED BASIS, FROM DATE OF AWARD UNTIL 30 JUNE 2019	30 June 2019	13,000
1. EAKAPA BUSINESS ENTERPRISE 2. SNR ELECTRICAL 3. ELLICIDOR 178 CC 4. RO SWIKA PROJECT BUILDING AND CONTRACTORS 5. TN MOLEFE CONSTRUCTION	33mths	33	INVITATION TO CONTRACTORS TO FORM PART OF A FRAMEWORK OF CONTRACTORS TO ASSIST THE EMM BUILT ENVIRONMENT WITH THE CONSTRUCTION, UPGRADE AND REFURBISHMENT WORKS OF VARIOUS INFRASTRUCTURE PROJECTS (BUILDING CONSTRUCTION, CIVIL ENGINEERING, ELECTRICAL ENGINEERING, MECHANICAL ENGINEERING, AND SPECIAL WORKS), ON AN AS-AND-WHEN REQUIRED BASIS FROM 1 JULY 2017 until 30 JUNE 2020 (ONLY CIDB LEVEL 4PE TO 9).	30 June 2020	5,000,000

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
VARIOUS	33mths	33	THE APPOINTMENT OF AS AND WHEN SERVICE PROVIDERS TO RENDER PROFESSIONAL SERVICES AS ENGINEERING CONSULTANTS TO THE "WATER AND SEWER NEW PROJECTS, UPGRADING, RENEWAL AND EXTENSION PROGRAMME" IN SW AND NE DISTRICTS, FOR THE MULTI-YEAR FINANCIAL PERIOD FROM THE DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	2,333,150
VODACOM (PTY) LTD	33mths	33	DEPARTMENT: INFORMATION AND COMMUNICATION TECHNOLOGY: REQUEST TO OBTAIN APPROVAL FROM THE CITY MANAGER IN TERMS OF SECTION 32 OF THE SUPPLY CHAIN MANAGEMENT REGULATIONS TO ASSIST THE DEPARTMENT TO PROCURE THE CITIZEN ENGAGEMENT MOBILE APPLICATION FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	10,083
1. GAU FLORACC 2. QOPHE CONSTRUCTION CC 3. MDINA ENGINEERING 4. NKOMABA TRADING AND PROJECTS CC 5. QINISA CONSTRUCTION (PTY) LTD 6. BUZAPHI CONSTRUCTION (PTY) LTD 7. LETTAM BUILDING AND CIVIL CC 8. ASATICO CIVIL AND CONSTRUCTION (PTY) LTD 9. MLOKOTHLWA CONSTRUCTION AND MANAGEMENT SERVICES CC 10. EDWIN CONSTRUCTION (PTY) LTD 11. MONALA GENERAL 12. REKHUTSE CONSTRUCTION AND CLEANING SERVICE 13. GABORENA CONSTRUCTION AND PROJECTS SERVICES CC 14. BOITSHOKO SURFACING AND CIVIL WORKS CC	33mths	33	THE APPOINTMENT OF CONTRACTORS FOR THE UPGRADING AND CONSTRUCTION OF ROADS AND STORM WATER INFRASTRUCTURE ON AN AS AND WHEN REQUIRED BASIS, FROM DATE OF AWARD TO 30 JUNE 2020.	30 June 2020	1,742,000
ELSTER SOLUTIONS (PTY) LTD	9mths	9	THE SUPPLY, DELIVERY AND OFF-LOADING OF 160A POLY PHASE DIRECT CONNECT ENERGY DEMAND METERS ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2018.	30 June 2018	9,975
1. AMPCOR KHANYISA (PTY) LTD 2. STATEWAY SWITCHBOARDS (PTY) LTD 3. TGOOD AFRICA (PTY) LTD 4. EDISON POWER GROUP LTD	21mths	21	THE APPOINTMENT OF SERVICE PROVIDERS FOR SUPPLY, DELIVERY AND OFF-LOADING OF METAL CLAD SWITCHGEAR FOR THE CITY OF EKURHULENI ON AN AS AND WHEN REQUIRED BASIS FOR A PERIOD FROM DATE OF AWARD UNTIL 30 JUNE 2019 BUT AWARDED UNTIL 2018	30 June 2019	400,000
1. YENZISISA-RAPDL CONSORTIUM 2. ROBECO_ONE AFRICA JV 3. NTWALENG TRADING (PTY) LTD 4. MARABE PROJECTS (PTY) LTD 5. ASATICO CIVIL AND CONSTRUCTION (PTY) LTD 6. HALCYLINE-ESOR JV 7. MCC SECURITY AND PROJECTS CC 8. UBONDA-JEDD CIVILS JV 9. MZINI GENERAL CONSTRUCTION CC 10. AKWENI GROUP AND RAZORBILL JV 11. JUST RIGHT/BOTLALE CIVILS JV 12. TSHWARATHEBE CONSTRUCTION CC 13. HELM CONSTRUCTION (PTY) LTD 14. REALETAMISA TRADING AND PROJECTS CC 15. ABLII TRADING CC 16. SIVTECH AND AVENIR JV 17. LTE CONSULTING (PTY) LTD & SETHEO ENGINEERING JV 18. MATLAILAS CONSTRUCTION & MATSHIWANA TRADING JV 19. MAPHECEKA CONSTRUCTION & PROJECTS CC 20. TSK CONSTRUCTION (PTY) LTD	33mths	33	THE APPOINTMENT OF ALTERNATIVE BUILDING TECHNOLOGY (ABT) CONTRACTORS TO PROVIDE TURNKEY SOLUTIONS FOR THE DESIGN, SUPPLY AND CONSTRUCTION OF VARIOUS BUILDING TYPOLOGIES AND OPERATIONAL FACILITIES FOR CITY OF EKURHULENI ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	1,950,000

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

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External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
1. BOITSHENOLO AUCTIONEERS and AGRICULTURAL FARMING CC 2. SPOKES AUCTIONEERS 3. ALISOZE TRADING (PTY) LTD T/A UNITY AUCTIONEERS	29mths	29	APPOINTMENT OF CAPABLE AND EXPERIENCED AUCTIONEERING COMPANIES TO CONDUCT AUCTIONS TO DISPOSE OFF IMMOVABLE AND MOVABLE ASSETS AND MATERIAL, EITHER SEPARATELY OR COLLECTIVELY, ON AN AS AND WHEN REQUIRED BASIS, FOR A PERIOD, WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	
1. ANGELO KATER MOTOR TRIMMERS (PTY) LTD 2. FIRE RAIDERS (PTY) LTD	29mths	29	APPOINTMENT OF A SERVICE PROVIDER TO MANUFACTURE, SUPPLY, DELIVER AND COMMISSION MOBILE B.E.S.A.F.E UNITS BY MEANS OF OUTRIGHT PURCHASE ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	11,000
1. PHU2MA-B PROJECTS (PTY) LTD 2. ESAKHALENI PROJECTS CC 3. HOLEBYE TRADING 2 (PTY) LTD 4. OPAL PROJECTS AND MANAGEMENT CC 5. TOTOBELA TRADING AND PROJECT CC 6. TSHIRELET SO TRAFFIC AND ROAD MANAGEMENT 7. NUMBERLINE CC 8. NALA TRADING ENTERPRISE	29mths	29	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE SUPPLY AND PAINTING OF ROAD MARKING THE COE ON AN AS AND WHEN REQUIRED BASIS, FOR THE PERIOD WITH EFFECT FROM ACCEPTANCE BY THE EMM UNTIL 30 JUNE 2020	30 June 2020	44,230
1. ELECT ASSURE SAPTY LTD 2. KOTLOLO KEEWAVE TRADING 334 CC	29mths	29	THE APPOINTMENT OF SERVICE PROVIDER/S FOR THE REPLACEMENT OF TRAFFIC SIGNAL EQUIPMENT AND THE REPLACEMENT OF TRAFFIC SIGNAL INSTALLATION FOR ALL OF THE CITY OF EKURHULENI ON AN AS AND WHEN REQUIRED BASIS WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	57,888
DIDO DIGITAL DOCUMENT (PTY) LTD	30mths	30	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE SUPPLY, INSTALLATION AND MAINTENANCE OF UNSHIELDED TWISTED PAIR (UTP) CABLING ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	50,000
1. REAL TIME TRADING AND PROJECTS 2. AYAMA PROJECTS (PTY) LTD	30mths	30	THE APPOINTMENT OF SERVICE PROVIDERS TO SUPPLY, INSTALL AND COMMISSION ENERGY EFFICIENT LAMPS BY RETROFITTING CURRENT LAMPS AND CONTROL GEAR ON THE CITY OF EKURHULENI (COE) FACILITIES ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020.	30 June 2020	18,000
1. NOLEWU CONSTRUCTION ELECTRICAL CHEMICAL SUPPLIERS 2. NERM APPLICATIONS AND TESTING (PTY) LTD & E- MULTI CONSTRUCTION & ELECTRICITY JV 3. WANDIE'S TECHNICAL SERVICES CC 4. INTERACTIVE TRADING 156 (PTY) LTD 5. KUBAHKI CONTRACTORS 6. ZENZALO (PTY) LTD 7. AMPCOR KHANYISA (PTY) LTD 8. MOKGOSHI ELECTRICAL 9. MUSI ELECTRICAL ENGINEERING	30mths	30	THE APPOINTMENT OF ELECTRICAL CONTRACTOR/S FOR THE REPAIR AND MAINTENANCE OF STREET, AREA AND SPORTS FIELD LIGHTING ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	93,000
ZRW MECHANIKACC	18mths	18	THE APPOINTMENT OF SERVICE PROVIDERS TO DESIGN, SUPPLY, INSTALL AND MAINTAIN SOLAR PV ROOFTOP POWER PLANTS IN COUNCIL BUILDINGS ACROSS EKURHULENI ON AN AS- AND-WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019.	30 June 2019	30,000
UNIVERSITY OF WITWATERSRAND	6mths	6	STRATEGY AND CORPORATE PLANNING DEPARTMENT: TO OBTAIN APPROVAL FROM THE CITY MANAGER TO APPOINT THE UNIVERSITY OF THE WITWATERSRAND TO UNDERTAKE THE FIFTH QUALITY OF LIFE SURVEY IN EKURHULENI. FURTHERMORE, TO EXTEND THE SURVEY A REGIONAL AND WARD LEVEL IN TERMS OF SECTION 110 (2) OF THE MFMA, ACT 56 OF 2003 READ WITH THE PFMA, ACT 1 OF 1999, SCHEDULE 3 PART A ITEM 97 FROM DATE OF APPROVAL UNTIL 30 JUNE 2018.	30 June 2018	1,000

CITY OF EKURHULENI – ANNUAL BUDGET 2018/19 – 2020/21

EKU Ekurhuleni Metro - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
1. BOITSHENOLO AUCTIONEERS and AGRICULTURAL FARMING CC 2. SPOKES AUCTIONEERS 3. ALISOZE TRADING (PTY) LTD T/A UNITY AUCTIONEERS	29mths	29	APPOINTMENT OF CAPABLE AND EXPERIENCED AUCTIONEERING COMPANIES TO CONDUCT AUCTIONS TO DISPOSE OFF IMMOVABLE AND MOVABLE ASSETS AND MATERIAL, EITHER SEPARATELY OR COLLECTIVELY, ON AN AS AND WHEN REQUIRED BASIS, FOR A PERIOD, WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	
1. ANGELO KATER MOTOR TRIMMERS (PTY) LTD 2. FIRE RAIDERS (PTY) LTD	29mths	29	APPOINTMENT OF A SERVICE PROVIDER TO MANUFACTURE, SUPPLY, DELIVER AND COMMISSION MOBILE B.E.S.A.F.E UNITS BY MEANS OF OUTRIGHT PURCHASE ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	11,000
1. PHU2MA-B PROJECTS (PTY) LTD 2. ESAKHALENI PROJECTS CC 3. HOLEBYE TRADING 2 (PTY) LTD 4. OPAL PROJECTS AND MANAGEMENT CC 5. TOTOBELA TRADING AND PROJECT CC 6. TSHIRELETSO TRAFFIC AND ROAD MANAGEMENT 7. NUMBERLINE CC 8. NALA TRADING ENTERPRISE	29mths	29	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE SUPPLY AND PAINTING OF ROAD MARKING THE COE ON AN AS AND WHEN REQUIRED BASIS, FOR THE PERIOD WITH EFFECT FROM ACCEPTANCE BY THE EMM UNTIL 30 JUNE 2020	30 June 2020	44,230
1. ELECT ASSURE SAPTY LTD 2. KOTLOLO KEEWAVE TRADING 334 CC	29mths	29	THE APPOINTMENT OF SERVICE PROVIDER/S FOR THE REPLACEMENT OF TRAFFIC SIGNAL EQUIPMENT AND THE REPLACEMENT OF TRAFFIC SIGNAL INSTALLATION FOR ALL OF THE CITY OF EKURHULENI ON AN AS AND WHEN REQUIRED BASIS WITH EFFECT FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	57,888
DIDO DIGITAL DOCUMENT (PTY) LTD	30mths	30	THE APPOINTMENT OF SERVICE PROVIDERS FOR THE SUPPLY, INSTALLATION AND MAINTENANCE OF UNSHIELDED TWISTED PAIR (UTP) CABLING ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	50,000
1. REAL TIME TRADING AND PROJECTS 2. AYAMA PROJECTS (PTY) LTD	30mths	30	THE APPOINTMENT OF SERVICE PROVIDERS TO SUPPLY, INSTALL AND COMMISSION ENERGY EFFICIENT LAMPS BY RETROFITTING CURRENT LAMPS AND CONTROL GEAR ON THE CITY OF EKURHULENI (COE) FACILITIES ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020.	30 June 2020	18,000
1. NOLEWU CONSTRUCTION ELECTRICAL CHEMICAL SUPPLIERS 2. NERM APPLICATIONS AND TESTING (PTY) LTD & E- MULTI CONSTRUCTION & ELECTRICITY JV 3. WANDIE'S TECHNICAL SERVICES CC 4. INTERACTIVE TRADING 156 (PTY) LTD 5. KUBAHKI CONTRACTORS 6. ZENZALO (PTY) LTD 7. AMPCOR KHANYISA (PTY) LTD 8. MOKGOSHI ELECTRICAL 9. MUSI ELECTRICAL ENGINEERING	30mths	30	THE APPOINTMENT OF ELECTRICAL CONTRACTOR/S FOR THE REPAIR AND MAINTENANCE OF STREET, AREA AND SPORTS FIELD LIGHTING ON AN AS AND WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2020	30 June 2020	93,000
ZRW MECHANIKA CC	18mths	18	THE APPOINTMENT OF SERVICE PROVIDERS TO DESIGN, SUPPLY, INSTALL AND MAINTAIN SOLAR PV ROOFTOP POWER PLANTS IN COUNCIL BUILDINGS ACROSS EKURHULENI ON AN AS- AND-WHEN REQUIRED BASIS FROM DATE OF AWARD UNTIL 30 JUNE 2019.	30 June 2019	30,000
UNIVERSITY OF WITWATERSRAND	6mths	6	STRATEGY AND CORPORATE PLANNING DEPARTMENT: TO OBTAIN APPROVAL FROM THE CITY MANAGER TO APPOINT THE UNIVERSITY OF THE WITWATERSRAND TO UNDERTAKE THE FIFTH QUALITY OF LIFE SURVEY IN EKURHULENI. FURTHERMORE, TO EXTEND THE SURVEY A REGIONAL AND WARD LEVEL IN TERMS OF SECTION 110 (2) OF THE MFMA, ACT 56 OF 2003 READ WITH THE PFMA, ACT 1 OF 1999, SCHEDULE 3 PART A ITEM 97 FROM DATE OF APPROVAL UNTIL 30 JUNE 2018.	30 June 2018	1,000

2.16 Implementation of mSCOA

During the engagements with National Treasury in the 2016/17 financial year, National Treasury (NT) indicated that there were 6 requirements for mSCOA compliance for the 1st of July 2017. Further deliverables that were addressed throughout the engagements and assessments between municipalities and NT, were; - refinement, business processes, seamless integration, entities data cleansing and change management which will only be required and dealt with in details post the 1st July 2017.

The 6 mSCOA Compliance Requirements for 1 July 2017 were:

1. Hosting the mSCOA chart

It is required that the Financial and HR Systems host the full mSCOA chart. It is furthermore required that all other sub-systems that carries financial transactions and exchange information with the financial system, also host the full mSCOA chart. The Financial System has been hosting the mSCOA chart, since 2015. The Chart has been upgraded to Version 6.1 and met the compliance date of the 1st of July 2017. The HR system is however currently in the process of being made fully compliant by incorporating the full chart instead of; it is current status of only hosting the short codes to the chart.

2. The Integrated Budget Module (mSCOA Budgeting)

It has also been a requirement that municipalities must budget in mSCOA format and make submissions to NT of successful budgets in mSCOA with their correct data strings by 31st of March 2017 be in version 6.1 of mSCOA, this was achieved. Budgeting in mSCOA has been achieved by the City of Ekurhuleni (CoE) with more refinements still underway. At present we are engaging on ways to get departments also involved in the process of mSCOA budgeting, and foresee departments being hand-held by the Budget division in this process to ensure compliance. The Budget is on course for the 2018/19 financial year, to be delivered on time and in the required version of the mSCOA format which has been upgraded to Version 6.2 as of December 2017. The CoE will have to implement a budgeting tool in order to integrate its mSCOA budgeting within the organization and enable departments to do their own budgeting going forward.

3. Transacting in mSCOA

The CoE is currently transacting in mSCOA version 6.1 and plans are well underway to convert to the latest version 6.2, this will be done once the final budget of the City has been approved and adopted. The deadline is currently on course to be met. Version 6.2 also defines the level for capturing of the transactions, expanding the structure and adopting the mSCOA guide for the municipalities.

4. Reporting in mSCOA

To accommodate the mSCOA reform, uploading to the Local Government Portal was introduced whereby Municipalities had to be registered, authorized and authenticated and The CoE has achieved this milestone.

Similarly, to transacting, CoE has been reporting in mSCOA since the 1st of July 2015. Monthly upload of all financial transactions performed at an organizational level are uploaded to the NT database to ensure that CoE is conducting its transactions in mSCOA and doing so correctly. The change that happened from the 1st of July was that the source of reports were now to be in the mSCOA version 6.1, and the database had similarly be checked for compliance against version 6.1.

5. System changes and/or Upgrades

All changes to the financial system and/or upgrades thereof had to conform to mSCOA circular 5 & 6 that were issued by National Treasury (NT). ICT had to complete The Due Diligence and any additional functionalities which were outlined, together with cost associated with the changes and/or upgrades to the system, which had to be justified and Municipalities needed to provide recommendation to NT, if not, National Treasury will investigate the matter.

6. The Integrated IDP Module,

Municipalities were to ensure that all projects in the IDP are aligned to Budgets. The “project” segment of the mSCOA chart requires municipality to allocate a posting level specific to the municipality’s project. Failure to budget on posting levels will result in the municipalities file being rejected and will result in non-compliance.

Also to note municipalities had to review its asset classifications on its existing asset register to update and align it with mSCOA, furthermore, in view of mSCOA requiring full integration of the asset management sub-system(s), the municipality needs to ensure that the asset register also contains full information on each asset.

2.17 Municipal Manager's quality certificate



Municipal Manager's quality certificate

City Manager's Quality Certificate

I **Imogen Mashazi**, City Manager of City of Ekurhuleni, hereby certify that the **2018/19 Annual Budget and Supporting Documentation** have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the **Annual Budget and Supporting Documents** are consistent with the Integrated Development Plan of the City.

Signature: _____ Date: 30/05/2018

Name of City Manager: **Dr Imogen Mashazi**
City Manager
City of Ekurhuleni (GT000)